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International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994

Financial report and audited financial statements

for the biennium ended 31 December 2013

and

Report of the Board of Auditors

United Nations • New York, 2014

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Letters of transmittal

Letter dated 31 March 2014 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the biennium ended 31 December 2013, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) **BAN** Ki-moon

Letter dated 30 June 2014 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the report of the Board of Auditors on the financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the biennium ended 31 December 2013.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Report on the financial statements

We have audited the accompanying financial statements of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the biennium ended 31 December 2013, which comprise the statement of income and expenditure and changes in reserves and fund balances (statement I), the statement of assets, liabilities and reserves and fund balances (statement II), the statement of cash flows (statement III), the statement of appropriations (statement IV) and the notes to the financial statements.

Management's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of these financial statements in accordance with the United Nations system accounting standards and for such internal control as management deems necessary to permit the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is appropriate and sufficient to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the International Criminal Tribunal for Rwanda as at

31 December 2013 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the Tribunal that have come to our notice, or that we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations and the related annex, we have also issued a long-form report on our audit of the Tribunal's financial statements.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the
United Republic of Tanzania
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor General of China

30 June 2014

Chapter II
Long-form report of the Board of Auditors

Summary

The Board of Auditors has audited the financial statements and reviewed the operations of the International Criminal Tribunal for Rwanda for the biennium ended 31 December 2013. The audit was carried out at the Tribunal's headquarters in Arusha, United Republic of Tanzania.

Audit opinion

The Board issued an unqualified audit opinion on the financial statements of the Tribunal for the biennium ended 31 December 2013. The opinion of the Board is reflected in chapter I of the present report.

Overall conclusion

The Board found no significant errors, omissions or misstatements during the audit that could affect its opinion on the Tribunal's financial statements. However, it noted a number of areas with scope for improvement, including the uncertainties of completing pending cases and handing over its mandate within the specified time frame, delays in the archiving of records, inadequate procurement management and contract management and weak access controls in information technology systems.

The Tribunal adopted the International Public Sector Accounting Standards (IPSAS) from 1 January 2014. It has made good progress, but there are some delays in finalizing data-cleansing for the preparation of actual IPSAS-compliant opening balances. The Tribunal needs to work on these deficiencies more expeditiously to ensure that IPSAS-compliant opening balances are complete before it ceases its operations by July 2015.

Key findings

Progress towards the implementation of the International Public Sector Accounting Standards

The preliminary activities for the preparation of IPSAS opening balances, which were scheduled to be completed by 24 March 2014, were not implemented as at the time of audit (April 2014). Those activities included updating lease agreements, reviewing pending claims and assessment for setting up provisions and reviewing all adjustments made to funds and reserve balances under United Nations system accounting standards.

The Board considers that it is important for the Tribunal to prepare accurate and complete opening balances for IPSAS accounts in 2014. IPSAS-compliant financial statements will provide a comprehensive record of the completion of the Tribunal's operations and set a foundation for transferring its operations to its successor, which will also be closing its accounts under IPSAS. The Tribunal has already invested a significant amount of resources in producing IPSAS balances. The successful adoption of IPSAS would therefore be beneficial before the Tribunal relinquishes its mandate.

Completion strategy

The Tribunal's completion strategy reports showed that one appeal activity was projected to be completed by the end of July 2015, which would exceed the time frame of 31 December 2014 set by the Security Council in its resolution 1966 (2010). The Tribunal explained that the projected extension was due to the extended time required by the prosecution to respond to the expanded appeals, to the loss of experienced staff members of the Tribunal and to the time required for translations.

The Board considers that the Tribunal should prepare formal contingency arrangements for risks to the timetable for the completion of the Tribunal's mandate.

Procurement and contract management

The Tribunal did not have an acquisition plan for biennium 2012-2013, contrary to section 8.1.4 (a) of the Procurement Manual. The lack of procurement plans prevents the Tribunal from identifying and obtaining scale economies through consolidation of similar items into one contract and tender. It also hinders effective monitoring and evaluation of the procurement process.

In addition, from the review of 162 procurements, the Board noted 100 cases in which the delivery of goods took up to 203 days, with one extreme case of 889 days, from the dates requisitions were approved. This contravened the Procurement Manual, which requires that the usual bid and proposal validity period to range from 60 to 180 days only. The Board considers that the Tribunal should streamline its procurement process, so as to ensure that the procurement process supports the needs of the organization effectively.

Information technology: inadequate access control in the Sun system

The Board found that 25 access accounts were in use in the Sun system, of which 4 had administrator's rights. Of the four accounts, two were given to information technology staff, one to a business user and one to an administrator with dual data entry and system administrator roles.

Though the Board did not find fraudulent transactions, it is concerned that the Tribunal is aware of allocation of information technology accounts with dual user and administrator roles but does not conduct regular reviews of audit logs in the Sun system to determine the propriety of transactions and how the activities of the administrator accounts are authorized.

Recommendations

In the light of the above key findings, the Board has made detailed recommendations in the main body of the present report. In summary, the main recommendations are that the Tribunal:

(a) **Complete the remaining IPSAS implementation opening balances activities as planned, with a view to the successful completion and handover to its successor of its mandate;**

(b) **Consider preparing formal contingency arrangements for risks to the timetable for the completion of its mandate;**

(c) Develop an efficient acquisition plan that will suit the downsizing and winding-up strategy and reduce the procurement lead time process;

(d) Designate a senior officer who will regularly review the activities of system administrators with dual roles, as a control measure to minimize the risks of fraud.

A. Mandate, scope and methodology

1. The International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 is located in Arusha, United Republic of Tanzania, and Kigali, Rwanda. The Tribunal was established by the Security Council in its resolution 955 (1994). According to articles 2, 3 and 4 of its statute, the Tribunal was conferred with powers to prosecute persons responsible for genocide and other serious violations of international humanitarian law committed in the territory of Rwanda and neighbouring States between 1 January and 31 December 1994. In accordance with article 10 of its statute, the Tribunal consists of three organs, namely, the Chambers, the Office of the Prosecutor and the Registry.

2. In its resolution 1966 (2010), the Security Council decided to establish the International Residual Mechanism for Criminal Tribunals with two branches: the branch for the International Criminal Tribunal for Rwanda, based in Arusha, which commenced operations on 1 July 2012; and the branch for the International Tribunal for the Former Yugoslavia, based in The Hague, the Netherlands, which commenced operations on 1 July 2013. The Mechanism has coexisted with both Tribunals during the biennium 2012-2013 and shared resources, provided mutual support and coordinated beneficially. The Tribunal has been provided with a budget until July 2015, meaning that it will continue its operations for an additional seven months after the expiration of the 31 December 2014 deadline set out in resolution 1966 (2010). Any residual functions required in 2016 will be funded through the Mechanism.

3. The Board of Auditors has audited the financial statements of the Tribunal and has reviewed its operations for the biennium ended 31 December 2013 in accordance with General Assembly resolution 74 (I) of 7 December 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

4. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the Tribunal as at 31 December 2013 and the financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditure recorded in the financial statements had been incurred for the purposes approved and whether income and expenditures had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

5. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of the Tribunal's operations under financial regulation 7.5, which requires the Board to make observations with respect to the efficiency of the

financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Tribunal's operations. Furthermore, the General Assembly had requested the Board to follow up on previous recommendations and to report thereon. These matters are addressed in the relevant sections of the present report.

6. The Board coordinates with the Office of Internal Oversight Services in the planning of its audits to avoid duplication of effort and to determine the extent of reliance that could be placed on its work.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with the Tribunal, whose views have been appropriately reflected in the report.

B. Findings and recommendations

1. Follow-up on previous audit recommendations

8. Of the 10 recommendations issued for biennium 2010-2011, 9 (90 per cent) were implemented and 1 was still under implementation. Details of the status of implementation of the recommendations are shown in the annex to the present chapter.

9. The Board is generally satisfied with the Tribunal's implementation of recommendations and considers that there is adequate management follow-up to address the outstanding recommendations.

10. The recommendation under implementation required the Tribunal to improve the archive management for an orderly transfer to its successor, namely, the International Residual Mechanism for International Criminal Tribunals. The recommendation is under implementation because there remains a backlog of archiving activities, which needs to be completed in order to facilitate a smooth transfer to the Mechanism. The activities include redacting audiovisual recordings, rehousing and metadata verification.

11. **The Board reiterates its earlier recommendation of addressing the backlog of activities required for the transfer of archives to the Mechanism.**

2. Financial overview

12. For the period under review, total income was $182.84 million, compared with $260.64 million for the previous biennium, a decrease of 30 per cent, or $77.80 million. Total expenditure amounted to $178.15 million, compared with $254.93 million for the previous biennium, a decrease of 30 per cent, or $76.78 million, which reflects the decrease of activities as the Tribunal is in the process of closing down.

13. Total assets for the period under review amounted to $71.24 million, while total liabilities were $82.56 million. The reserves and fund balances recorded a deficit of $11.31 million for the biennium under review, compared with a deficit of $27.88 million for the previous biennium.

3. Evaluation of overall service sustainability

14. The Tribunal is in the process of scaling down its operations ahead of closing down its operations by 31 December 2014, when the remaining operations will be taken over by the Residual Mechanism for International Criminal Tribunals. The closing-down process has resulted in a high rate of staff turnover and assets disposal, leading in turn to a risk that the archive project might not be completed on time. The Tribunal has been provided with a budget until July 2015, meaning that it will continue its operations for an additional seven months after the 31 December 2014 deadline set out in Security Council resolution 1966 (2010). After July 2015, any residual functions up to 2016 will be funded through the Mechanism.

4. Progress towards implementation of the International Public Sector Accounting Standards

15. During the follow-up on IPSAS implementation, the Board noted that the preliminary activities for the preparation of IPSAS opening balances, which were scheduled to be completed by 24 March 2014, had not been implemented as at the time of audit in April 2014. Those activities included updating all missing lease agreements, reviewing pending claims and assessment for setting up provisions, as well as reviewing all adjustments made to funds and reserve balances under the United Nations system accounting standards.

16. Although the Tribunal had expected to have prepared the IPSAS opening balances by the end of June 2014, it considers the remaining time frame before it completes its mandate to be short and now expects that the realization of IPSAS benefits will be limited. The adoption of IPSAS for the Tribunal will therefore be limited to the disclosure of additional information and the standardization of reporting formats with other agencies across the United Nations system.

17. The Board notes the importance that the Tribunal prepare accurate and complete opening balances for IPSAS accounts in 2014. IPSAS-compliant financial statements will provide a comprehensive record of the completion of the Tribunal's operations and set a foundation for transferring its operations to its successor, which will also be closing its accounts under the IPSAS framework. Furthermore, the Tribunal has already invested a significant amount of resources in producing IPSAS balances. The successful adoption of IPSAS would therefore be beneficial before the Tribunal relinquishes its mandate.

18. **The Board recommends that the Tribunal complete the remaining activities to implement IPSAS opening balances as planned, so as to establish a comprehensive financial record of the completion of its operations.**

19. While the Board was finalizing its audit, data-cleansing for the preparation of the IPSAS opening balances was still in progress. The Tribunal subsequently informed the Board that the IPSAS opening balances exercise had been completed and submitted to Headquarters for further action. The Tribunal should therefore follow up and coordinate with Headquarters to ensure the timely submission of the opening balances for audit reviews.

Delays in the completion of the remaining appeals

20. The Security Council, in its resolutions 1503 (2003), 1534 (2004) and 1966 (2010), requested that the Tribunal take all possible measures to complete its remaining work by no later than 31 December 2014. The Board noted that the

Tribunal had developed a strategy for the completion of its activities as directed by the Council.

21. The Tribunal's completion strategy reports showed that one appeal activity was projected to be completed by the end of July 2015, which would exceed the time frame of 31 December 2014 set by the Security Council. The Tribunal explained that the projected extension was due to the extended time required by the prosecution to respond to the expanded appeals, to the loss of experienced staff members of the Tribunal and to the time required for translations.

22. In the Board's view, any time slippage has certain cost implications; it therefore considers that the Tribunal needs to come up with an alternative means of completing the remaining activities in order to successfully hand over its mandate within the allocated time frame.

23. **The Tribunal agreed with the Board's recommendation that it consider preparing formal contingency arrangements for addressing the risks within the timetable for the completion of the Tribunal's mandate.**

5. Budget management

Inadequate review of budget costing sheets

24. The Board noted that the Tribunal lacked adequate procedures for validating budget assumptions and for preventing computation errors in the budget costing sheets. For example, owing to computation error, the costing sheets showed that there were 188 travelling witnesses, while in fact the correct number was 141. That error caused a budget overrun of $129,158. Furthermore, the Board noted that the Office of the Prosecutor estimated special protection measures activities in the amount of $538,000, yet the Tribunal could not provide a basis for estimating that cost. The amount proved to have been given without any analysis of past trends or current-year costing element, or any other form of documentation to support and validate the budget assumptions applied. In that case, the Board considers that the budget reviewing mechanism within the Tribunal could not detect the noted anomaly.

25. The Tribunal stated that its resource utilization was heavily dependent on the judicial calendar, which is highly unpredictable. However, in the month of September in both years of the previous biennium, it projected the resources needed to implement the remaining activities. At the time of the budget formulation for 2012-2013, there was greater uncertainty than usual with regard to the projected judicial activities for that biennium and the related resource requirements. Furthermore, the Tribunal explained that, at the time of the budget formulation, it had been unclear as to how many witnesses would be requested by the prosecution and defence teams and how many individuals would be permitted by the Trial Chamber to actually present their evidence.

26. The Board is of the view that the Tribunal did not make reasonable budget assumptions and estimations based on trends and forecasts, as it could not provide supporting data. The Board recognizes that the Tribunal is scheduled to complete all substantive activities by December 2014, with an additional budget allocated to cover its extended activities until July 2015; however, any further delay in the completion of cases will cause an additional budget requirement.

27. **The Board recommends that the Tribunal continue to pay close attention to resource utilization by projecting how the remaining activities can be completed within the available resources and in a timely manner.**

6. Procurement and contract management

Non-maintenance of acquisition plan and long procurement lead time

28. Section 8.1.4 (a) of the Procurement Manual requires that requisitioners and procurement officers communicate and meet on an annual basis to set up spending plans.

29. The Board noted, however, that the Tribunal did not have an acquisition plan for the biennium 2012-2013, as its procurements are processed as and when a user department raises a request. The lack of procurement plan prevents the Tribunal from identifying and obtaining scale economies through consolidation of similar items into one tender and contract. It also hinders effective monitoring and evaluation of the procurement process.

30. Furthermore, from a review of 162 procurements, the Board noted 100 cases, with a total value of $938,600, in which the delivery of goods took up to 203 days, including one extreme case of 889 days, from the dates requisitions were approved. This contravened the Procurement Manual, which requires the usual bid and proposal validity period to range from 60 to 180 days only. The Board is concerned that deliveries for the Tribunal are made too late and therefore do not ensure the expected value for money.

31. **The Board recommends that the Tribunal develop an efficient acquisition plan that will suit the downsizing and winding-up strategy and reduce the procurement lead time process.**

7. Human resources management

Leaves accumulated for more than 60 days

32. United Nations staff rule 5.1 (d) states that a staff member who holds a fixed-term or a continuing appointment may accumulate and carry forward up to 60 working days of annual leave by 1 April of any year or such other date as the Secretary-General may set for a duty station.

33. The Board reviewed 92 staff files in 2012 and 117 staff files in 2013 of both local and international categories and found that staff had accumulated and carried forward annual leave days exceeding 60 working days, contrary to the limit set in the above-mentioned staff rule (see the table below).

Analysis of accumulated leave days

	Year and staff category			
	2012		*2013*	
Accumulated leave days	*Local*	*International*	*Local*	*International*
61-69 days	40	26	31	36
70-90 days	19	7	35	15
Total staff	**59**	**33**	**66**	**51**

Source: Field Personnel Management System (e-Leave).

34. The Tribunal informed the Board that, although staff members had planned to make use of their leave days, the Tribunal's judicial calendar had been interrupted by activities emanating from unprecedented occurrences in the judicial process.

35. The Board is of the view that the accumulation and carrying forward of annual leave to the extent of losing leave days is against United Nations staff rule 5.1 (b), might decrease staff efficiency and motivation and, since there is not enough time left before the Tribunal is wound up, presents a need to plan how the affected staff will be compensated.

36. **The Tribunal agreed with the Board's recommendation that it present a plan for compensating the affected staff for their accumulated leave within the remaining closure time frame, without disrupting the pending activities of the Tribunal.**

8. Information technology

Inadequate access control in the Sun system

37. General data processing controls are concerned primarily with the operation and protection of computer resources. The adequacy of such controls within an organization provides the basis for the level of reliance placed upon application controls and, in turn, the business and accounting controls for the accuracy and integrity of business and financial information generated.

38. The Board reviewed the information technology systems supporting the financial reporting of the Tribunal, including Mercury, Galileo, the Sun system and the payroll system. This included a review of the roles and access rights of users for the period ended December 2013. Of the 25 access accounts in the Sun system, the Board found that 4 had administrator's rights, of which 2 were given to information technology staff, 1 to a business user and 1 to an administrator who had dual data entry and system administrator roles.

39. The Board is concerned that, while the Tribunal is aware of the allocation of information technology accounts with dual roles, it does not conduct regular reviews of audit logs in the Sun system to determine the propriety of transactions and how the activities of the administrator accounts are authorized.

40. The Board recognizes that the Tribunal is scaling down its operations as it approaches the end of its mandate and that information technology activities have increased while resources have decreased. Though the Board did not detect fraudulent transactions, it considers that retaining accounts with dual roles without proper monitoring increases information technology system security and fraud risks.

41. **The Tribunal agreed with the Board's recommendation that it designate a senior officer who will regularly review the activities of system administrators with dual roles as a control measure to minimize the risks of fraud.**

C. Disclosures by management

42. The Tribunal made the below disclosures relating to write-offs, ex gratia payments and cases of fraud and presumptive fraud. In the Board's view, controls should be strengthened to minimize loses.

1. Write-off of losses of cash, receivables and property

43. The Tribunal informed the Board that, in accordance with financial rule 106.9, losses amounting to $190,000 had been written off in respect of non-expendable properties during the biennium 2012-2013. This reflects an increase of 42 per cent compared with losses of $134,083 written off in the biennium 2010-2011.

2. Ex gratia payments and cases of fraud and presumptive fraud

44. The disclosure showed that the Tribunal had neither made ex gratia payments nor reported cases of fraud or presumptive fraud during the biennium.

D. Acknowledgement

45. The Board wishes to express its appreciation to the President, the Prosecutor, the Registrar and the staff of the Tribunal for the cooperation and assistance extended to its staff.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the
United Republic of Tanzania
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor General of China

30 June 2014

Annex

Status of implementation of recommendations of the Board of Auditors for the biennium ended 31 December 2011

Summary of recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*
Expedite its preparations, proactively identify its need for the implementation of IPSAS and communicate with the Headquarters IPSAS implementation team to better prepare the implementation of IPSAS	20	2010/11	X	
Continue to work closely with the Registrar of the Mechanism to take every effort to accelerate the process of lateral transfers and recruitment through the approved procedures	25	2010/11	X	
Develop an action plan to guide the process for its orderly closure, including but not limited to issues to be addressed and the milestones, risks and benefits regarding the closure	29	2010/11	X	
Clearly state the parameters of the data regarding cases and set out the number of cases excluded from the analysis contained in the reports on the completion strategy, along with a clear rationale for their exclusion; and revise the incorrect number of days between transfer of the accused and delivery of trial judgement in its next report	34	2010/11	X	
Review its budget formulation and expenditure management system to ensure overexpenditure is minimized and approval of redeployment is obtained from Headquarters	37	2010/11	X	
Establish more realistic training budgets and more effective management and monitoring of training activity	39	2010/11	X	
Comply with the requirement of the Financial Regulations and Rules of the United Nations to accurately record the refunds from previous bienniums as miscellaneous income	43	2010/11	X	
The agreement between the Tribunal and the travel agency should be supplemented and signed in a timely manner and a tracking system established to monitor the accuracy and integrity of the refund from the agency; and guidelines or standard operating procedures should be established to reinforce the regularity of travel management	48	2010/11	X	
Expedite the work on archive management to effect an orderly transition to the Mechanism	52	2010/11		X
Further strengthen the cooperation among relevant sections to expedite the process of write-off and decrease the accumulation of assets pending write-off; as part of its completion strategy, continue to pay close attention to the timely and efficient disposal of written-off assets in order to ensure full compliance with the requirements of the Property Management Manual; and continue to actively search for the assets that have not yet been found and update the assets records accordingly	55	2010/11	X	
Total		**10**	**9**	**1**
Percentage		**100**	**90**	**10**

Chapter III
Certification of the financial statements

Letter dated 31 March 2014 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the United Nations International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the biennium ended 31 December 2013 have been prepared in accordance with financial rule 106.10.

The summary of significant accounting policies applied in the preparation of these statements is included in the notes to the financial statements. These notes provide additional information on and clarification of the financial activities undertaken by the Tribunal during the period covered by these statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994, numbered I to IV, are correct.

(*Signed*) Maria Eugenia **Casar**
Assistant Secretary-General
Controller

Chapter IV
Financial report for the biennium ended 31 December 2013

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 for the biennium 2012-2013. The accounts consist of four statements and the related notes.

2. The present report is designed to be read in conjunction with the financial statements. Attached hereto is an annex, which includes supplementary information that is required to be reported to the Board of Auditors under the Financial Regulations and Rules.

B. Overview

3. The total income for the biennium decreased by 29.8 per cent from $260.6 million to $182.8 million, owing mainly to a decrease in assessed contributions of $75.5 million. Lower interest rates combined with lower investable average balances are the main factors for the reduction in interest income.

4. The budget of the Tribunal for the biennium 2012-2013 totalled $180.4 million, as appropriated by the General Assembly in its resolutions 66/238, 67/242 and 68/255. Against this amount, actual expenditures for the biennium amounted to $178.1 million, leaving an unencumbered balance of $2.3 million which was attributable mainly to a surplus of $1.5 million in records management and archives offset by deficits in the Chambers and Staff assessment. The 2012-2013 total expenditure of $178.1 million represented a decrease of $76.8 million, or 30.1 per cent, over the total expenditures of $254.9 million in the biennium 2010-2011, which is attributable mainly to the scaling down of operations and reduction of posts at the Tribunal in line with the completion strategy and eventual transition to the International Residual Mechanism for Criminal Tribunals.

5. The following table shows the amount of expenditure by functional category:

(Thousands of United States dollars)

Functional category	*2013*	*2011*	*Increase (Decrease)*
Staff and other personnel costs	154 341	220 353	(66 012)
Travel	3 507	7 060	(3 553)
Contractual services	9 442	10 257	(815)
Operating expenses	7 421	12 349	(4 928)
Acquisitions	1 644	2 936	(1 292)
Other	1 793	1 974	(181)
Total	**178 148**	**254 929**	**(76 781)**

6. Overall cash as at 31 December 2013 totalled $49.5 million, reflecting a slight decrease of $2.3 million compared to $51.8 million as at 31 December 2011.

7. The Tribunal's end-of-service liabilities relating to after-service health insurance, repatriation benefits and unused vacation days were determined on an actuarial basis, as described in note 7 to the financial statements, and amounted to $40.9 million, $9.1 million and $2.9 million, respectively, as at 31 December 2013. The Tribunal's liabilities for judges' pension benefits were also determined on an actuarial basis and amounted to $21.6 million. Furthermore, pursuant to General Assembly resolution 65/258, the Tribunal estimated the liabilities for judges' relocation allowance benefits and ad litem judges' ex gratia benefits in the amounts of $0.4 million and $0.1 million, respectively. The total of all these liabilities stood at $75.0 million. This represents a decrease of $11.6 million compared to the total of $86.6 million as at 31 December 2011, owing primarily to the payment of vacation days and repatriation benefits to separated staff and judges and the use of higher discount rate by the actuary from 4.5 per cent as at 31 December 2011 to 5.0 per cent as at 31 December 2013.

8. The reserves and fund balances show a cumulative deficit of $11.3 million as at 31 December 2013 as the end-of-service and post-retirement benefits of $75.0 million recognized on the basis of actuarial valuation were not funded. Whereas the "pay-as-you-go" principle is currently applied towards the end-of-service and post-retirement benefits, the General Assembly, in its resolution 64/239, endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions that the liabilities for future payments of pensions to judges and surviving spouses and after-service health insurance should be addressed in the final budget submission and performance report of the Tribunal.

Annex

Supplementary information

1. The present annex provides supplementary information that the Secretary-General is required to provide.

Write-off of losses of cash and receivables

2. In accordance with financial rule 106.8, there were no write-offs of cash and receivables during the biennium 2012-2013.

Write-off of losses of property

3. In accordance with the financial rule 106.9, property losses amounting to $189,504 were written off during the biennium 2012-2013.

Ex gratia payments

4. There were no ex gratia payments during the biennium 2012-2013.

Chapter V

Financial statements for the biennium ended 31 December 2013

International Criminal Tribunal for Rwanda[a]

I. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	2013	*2011*
Income		
Assessed contributions[b]	181 441	256 964
Interest income	696	2 748
Other/miscellaneous income	706	927
Total income	**182 843**	**260 639**
Expenditure		
Staff and other personnel costs	154 341	220 353
Travel	3 507	7 060
Contractual services	9 442	10 257
Operating expenses	7 421	12 349
Acquisitions	1 644	2 936
Other	1 793	1 974
Total expenditure	**178 148**	**254 929**
Excess (shortfall) of income over expenditure	4 695	5 710
Non-budgeted accrued (expenses) for end-of-service and post-retirement benefits[c]	11 631	(29 831)
Prior-period adjustments	(6)	–
Net excess (shortfall) of income over expenditure	**16 320**	**(24 121)**
Cancellation of prior-period obligations	2 005	5 029
Transfers to other funds[d]	(1 756)	–
Reserves and fund balances, beginning of period	(27 883)	(8 791)
Reserves and fund balances, end of period	**(11 314)**	**(27 883)**

[a] See notes 2 and 3.

[b] In accordance with General Assembly resolutions 66/238 and 67/242, assessments for the Tribunal are based in part on the scale of assessments applicable to the United Nations regular budget and in part on the scale of assessments applicable to peacekeeping operations.

[c] Reflects reductions in eligible staff, and represents net decreases in accrued liabilities for after-service health insurance costs of $2,423,000, for repatriation benefits of $5,069,000 and for unused vacation days of $3,646,000. For judges, this represents net decreases in accrued liabilities for relocation allowance benefits of $166,000, for ad litem judges' ex gratia benefits of $750,000 and a net increase for judges' pension benefits of $423,000. See note 7.

[d] Represents a transfer of credit in accordance with General Assembly resolutions 68/245 and 68/255.

The accompanying notes are an integral part of the financial statements.

International Criminal Tribunal for Rwanda[a]

II. Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	2013	*2011*
Assets		
Cash and term deposits	259	375
Cash pool[b]	49 277	51 411
Assessed contributions receivable from Member States[c]	19 027	11 860
Other accounts receivable	1 603	2 137
Deferred charges	1 067	1 303
Other assets	8	60
Total assets	**71 241**	**67 146**
Liabilities		
Contributions or payments received in advance	367	262
Unliquidated obligations — current period	1 619	4 686
Inter-fund balances payable	2 484	176
Other accounts payable	3 142	3 331
End-of-service and post-retirement liabilities[d]	74 943	86 574
Total liabilities	**82 555**	**95 029**
Reserves and fund balances		
Cumulative surplus (deficit)	(11 314)	(27 883)
Total reserves and fund balances	**(11 314)**	**(27 883)**
Total liabilities and reserves and fund balances	**71 241**	**67 146**

[a] See notes 2 and 3.

[b] Represents share of the United Nations Main Cash Pool and comprises cash and term deposits of $10,299,173, short-term investments of $19,638,021, long-term investments of $19,272,050 and accrued interest receivable of $67,524. See note 6.

[c] Includes assessed contributions unpaid irrespective of collectability.

[d] Represents accrued liabilities for after-service health insurance costs of $40,895,000, for repatriation benefits of $9,159,000, for unused vacation days of $2,862,000, for judges' pension benefits of $21,579,000, for judges' relocation allowance benefits of $361,093 and for ad litem judges' ex gratia benefits of $87,341. See note 7.

The accompanying notes are an integral part of the financial statements.

International Criminal Tribunal for Rwanda[a]

III. Statement of cash flows for the biennium ended 31 December 2013

(Thousands of United States dollars)

	2013	*2011*
Cash flows from operating activities		
Net excess (shortfall) of income over expenditure (Statement I)	16 320	(24 121)
(Increase) decrease in assessed contributions receivable	(7 167)	(2 182)
(Increase) decrease in inter-fund balances receivable	–	1 202
(Increase) decrease in other accounts receivable	534	243
(Increase) decrease in deferred charges	236	(117)
(Increase) decrease in other assets	52	95
Increase (decrease) in contributions or payments received in advance	105	187
Increase (decrease) in unliquidated obligations	(3 067)	(14 504)
Increase (decrease) in inter-fund balances payable	2 308	176
Increase (decrease) in other accounts payable	(189)	1 383
Increase (decrease) in other liabilities	–	(150)
Increase (decrease) in end-of-service and post-retirement liabilities	(11 631)	29 831
Less: Interest income	(696)	(2 748)
Net cash flows from operating activities	**(3 195)**	**(10 705)**
Cash flows from investing activities		
Interest income	696	2 748
Net cash flows from investing activities	**696**	**2 748**
Cash flows from financing activities		
Cancellation of prior-period obligations	2 005	5 029
Transfers to other funds	(1 756)	–
Net cash flows from financing activities	**249**	**5 029**
Net increase (decrease) in cash and term deposits and cash pool	**(2 250)**	**(2 928)**
Cash and term deposits and cash pool, beginning of period	51 786	54 714
Cash and term deposits and cash pool, end of period	**49 536**	**51 786**

[a] See notes 2 and 3.

The accompanying notes are an integral part of the financial statements.

International Criminal Tribunal for Rwanda

IV. Statement of appropriations for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Appropriations[a]			*Expenditures*			
Programme of work	*Original*	*Change*	*Revised*	*Disbursements*	*Unliquidated obligations*	*Total*	*Unencumbered balance*
A. Chambers	8 527	(531)	7 996	8 083	31	8 114	(118)
B. Office of the Prosecutor	33 880	(2 838)	31 042	30 451	49	30 500	542
C. Registry	104 193	13 543	117 736	115 633	1 427	117 060	676
D. Records management and archives	12 936	(2 789)	10 147	8 553	112	8 665	1 482
E. Staff assessment	12 087	1 399	13 486	13 809	–	13 809	(323)
Grand total	**171 623**	**8 784**	**180 407**	**176 529**	**1 619**	**178 148**	**2 259**

[a] The appropriations for the biennium 2012-2013 were approved by the General Assembly in its resolutions 66/238, 67/242 and 68/255

International Criminal Tribunal for Rwanda
Notes to the financial statements

Note 1
United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, were as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic and social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories.

(b) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization.

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs and overseeing the prosecution of persons responsible for serious violations of international humanitarian law.

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems.

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly and the rules formulated by the Secretary-General as required under the regulations and administrative instructions issued by the Under-Secretary-General for Management, or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the United Nations System Chief Executives Board for Coordination. The Organization follows

International Accounting Standard 1, "Presentation of financial statements", regarding the disclosure of accounting policies, as modified and adopted by the Chief Executives Board, as shown below:

(i) Going concern, consistency, and accrual are fundamental accounting assumptions of the United Nations system accounting standards. Where fundamental accounting assumptions are followed in financial statements, the disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The Organization's accounts are maintained on a fund-accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double entry group of accounts. Financial statements reflect the activities of each fund or of a group of funds of the same nature.

(c) The financial period of the Organization is a biennium and consists of two consecutive calendar years for all funds other than peacekeeping accounts, which are reported on a fiscal year basis covering the period from 1 July to 30 June. These financial statements have been prepared for the biennium ended 31 December 2013, with comparative prior figures presented for the biennium ended 31 December 2011.

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy set out in paragraph (j) (ii) below applies.

(e) The financial statements of the Organization are presented in United States dollars, which is the functional and presentation currency of the United Nations. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rate of exchange in effect as at the date of the statements. In the event that

the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rate of exchange for the last month of the financial period, a footnote will be provided quantifying the difference.

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services.

(g) The statement of cash flows is based on the indirect method of cash flows as referred to in the United Nations system accounting standards.

(h) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Task Force on Accounting Standards of the High-level Committee on Management.

(i) Separate financial statements are issued for the United Nations general and related funds, for the United Nations Iraq escrow accounts, for the United Nations Compensation Commission, for the International Tribunal for the Former Yugoslavia under the provisions of Security Council resolutions 808 (1993) and 827 (1993), for the International Criminal Tribunal for Rwanda under the provisions of Security Council resolution 955 (1994), for the International Residual Mechanism for Criminal Tribunals under the Security Council resolution 1966 (2010) and for the peacekeeping accounts which are reported on a fiscal year basis covering the period from 1 July to 30 June.

(j) Income:

(i) The amounts necessary to finance the activities of the United Nations regular budget and peacekeeping operations, the capital master plan, the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, the International Residual Mechanism for Criminal Tribunals as well as the Working Capital Fund are assessed to Member States in accordance with the scale of assessments determined by the General Assembly;

(ii) Income is recognized when assessments to Member States have been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied;

(iii) Amounts assessed to non-Member States that agree to pay reimbursement of costs for their participation in the Organization's treaties, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States and other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made in the form of services and supplies that are acceptable to the Secretary-General are credited to income or are noted in the financial statements;

(v) Income received under inter-organization arrangements represents the allocation of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;

(vi) Allocations from other funds represent monies appropriated or designated from one fund for transfer to and disbursement from another fund;

(vii) Income for services rendered includes amounts charged for salaries of staff members and other costs that are attributable to the provision of technical and administrative support to other organizations;

(viii) Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instrument and investment income earned in the cash pools. All gains/losses on investments and foreign exchange differences relating to the cash pools are offset against investment income. Investment income and costs associated with the operation of investments in the cash pools are allocated to participating funds;

(ix) Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditures charged to prior periods, net gains resulting from currency translations, amounts assessed on new Member States for the year of admission to the United Nations, amounts assessed on non-member States as stated in paragraph (j) (iii) above, monies accepted for which no purpose was specified, and other sundry income;

(x) Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred income as referred to in paragraph (m) (iii) below.

(k) Expenditure:

(i) Expenditure is incurred against authorized appropriations or commitment authorities. Total expenditure reported includes unliquidated obligations and disbursements;

(ii) Expenditure incurred for non-expendable property is charged to the budget of the period when acquired and is not capitalized. The inventory of such non-expendable property is maintained at the historical cost;

(iii) Expenditure for future financial periods is not charged to the current financial period but is recorded as deferred charges, as referred to in item (l) (v) below.

(l) Assets:

(i) Cash and term deposits represent funds held in demand-deposit accounts and interest-bearing bank deposits;

(ii) Cash pools comprise participating funds' share of cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the pools. The investments in the cash pools are stated at their fair value and include marketable securities and other negotiable instruments acquired to produce income. The share in the cash pools is reported separately in each participating fund's statement and the composition of its investments is disclosed in the footnotes to the statements. Currently, the International Criminal Tribunal for Rwanda participates in the Main Cash Pool only. Additional details are provided in note 6;

(iii) Assessed contributions represent legal obligations of contributors and, therefore, the balances of unpaid assessed contributions due from Member States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in the collection of such assessments;

(iv) Inter-fund balances reflect transactions between funds, and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with the United Nations General Fund. Inter-fund balances are settled periodically, depending on the availability of cash resources;

(v) Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(vi) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled;

(vii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in notes to the financial statements.

(m) Liabilities, reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for reserves and fund balances shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes pledged contributions for future periods, advances received under revenue-producing activities, and other income received but not yet earned;

(iv) The commitments of the Organization relating to prior, current, and future financial periods are shown as unliquidated obligations. Current-period obligations related to the regular budget and special accounts remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of each calendar year. Unliquidated obligations relating to amounts owed by peacekeeping operations to Member States may be retained for a period of five years beyond the end of the financial period. Unliquidated obligations

relating to funds of a multi-year nature remain valid until the completion of the project;

(v) Accrued liabilities for end-of-service and post-retirement benefits comprise those for after-service health insurance, repatriation benefits, unused vacation days, judges' pension benefits, judges' relocation allowance benefits and ad litem judges' ex gratia benefits. The accrued liabilities for all these end-of-service and post-retirement benefits, except for judges' relocation allowance benefits and ad litem judges' ex gratia benefits, are determined on an actuarial basis;

(vi) Contingent liabilities, if any, are disclosed in the notes to the financial statements;

(vii) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, multi-employer defined benefit plan. An actuarial valuation of the Pension Fund's assets and pension benefits is prepared every two years. As there is no consistent and reliable basis for allocating the related liabilities/assets and costs to individual organizations participating in the plan, the United Nations is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has treated this plan as if it were a defined contribution plan; thus the United Nations share of the related net liability/asset position of the Pension Fund is not reflected in the financial statements. The Organization's contribution to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, currently 7.9 per cent of the applicable pensionable remuneration for the participant and 15.8 per cent for the Organization, together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. As at the reporting date of the current financial statement, the General Assembly had not invoked that provision.

(n) The change from the United Nations system accounting standards to the International Public Sector Accounting Standards (IPSAS):

(i) The United Nations is transitioning from the use of the United Nations system accounting standards to IPSAS, which will guide presentation of the financial statements of the United Nations, including those of the International Criminal Tribunal for Rwanda, commencing from the 2014 financial year. Hence, the present financial statements are the last statements that will be prepared using the United Nations system accounting standards;

(ii) IPSAS are based on full accrual accounting, which means that all assets and liabilities are presented on the face of the financial statements and expenses and revenues are recognized when incurred/earned, irrespective of the cash flows. IPSAS also require significantly more note disclosures in the financial statements;

(iii) IPSAS require annual financial statements; commencing from the 2014 financial year, IPSAS-compliant financial statements will be prepared and audited annually.

Note 3
International Criminal Tribunal for Rwanda (statements I-IV)

(a) The International Criminal Tribunal for Rwanda was established by the Security Council in its resolution 955 (1994). The Tribunal consists of the following organs:

(i) The Chambers are, by statute, made up of three Trial Chambers and an Appeals Chamber. The Chambers are composed of a maximum of 16 permanent independent judges, no 2 of whom may be nationals of the same State, and a maximum at any one time of 12 ad litem independent judges, no 2 of whom may be nationals of the same State. A maximum at any one time of three permanent judges and six ad litem judges are members of each Trial Chamber. Owing to the reduced workload of the Tribunal, however, there is currently only one Trial Chamber. The Trial Chamber comprises one ad litem judge, who serves as President of the Tribunal. The Appeals Chamber consists of 12 permanent judges and serves both the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda;

(ii) The Office of the Prosecutor, who is responsible for the investigation and prosecution of persons responsible for serious violations of international humanitarian law committed in the territory of Rwanda and Rwandan citizens responsible for such violations committed in the territory of neighbouring States, between 1 January and 31 December 1994. The Prosecutor acts independently as a separate organ of the Tribunal;

(iii) The Registry, which services both the Chambers and the Prosecutor and is responsible for the administration and servicing of the Tribunal.

(b) The General Assembly, in its resolutions 66/238, 67/242 and 68/255, approved the budget appropriations for the biennium 2012-2013. Annual budget apportionments are funded by assessments to Member States, 50 per cent in accordance with the scale of assessment applicable to the United Nations regular budget and 50 per cent in accordance with the scale of assessments applicable to peacekeeping operations. States and intergovernmental and non-governmental organizations also contribute funds, equipment and services to the Trust Fund to support the activities of the International Criminal Tribunal for Rwanda to carry out its mandate. The financial statements for the Tribunal are prepared every 12 months, with a final accounting at the end of the biennium.

(c) Statement I reports the income and expenditure and changes in the reserves and fund balances during the financial period. It includes the calculation of the excess of income over expenditure for the current period and prior-period adjustments of income or expenditure.

(d) Statement II shows the assets, liabilities and reserves and fund balances as at 31 December 2013. Excluded from the assets is the value of non-expendable property (see note 8).

(e) Statement III shows the cash flows for the period prepared using the indirect method of cash flows as referred to in the United Nations system accounting standards.

(f) Statement IV reports on expenditures against the appropriation approved for the biennium.

Note 4
Status of appropriations

In accordance with General Assembly resolutions 66/238, 67/242, and 68/255, the appropriations and gross assessments for the biennium 2012-2013 are as follows:

(Thousands of United States dollars)

	2012	*2013*	*Total*
Initial budget appropriation (resolution 66/238)	85 811	85 812	171 623
Add: Appropriation under resolution 67/242	–	10 540	10 540
Less: Appropriation under resolution 68/255	–	(1 756)	(1 756)
Revised appropriation (resolution 68/255)	85 811	94 596	180 407
Less: Decrease in appropriation for the biennium 2010-2011 (resolution 66/238)	(722)	–	(722)
Add: Decrease in appropriation for the biennium 2012-2013 (resolution 68/255)	–	1 756	1 756
Gross amounts addressed to Member States	**85 089**	**96 352**	**181 441**

Note 5
Assets, liabilities and reserves and fund balances (statement II)

(a) The cash and term deposits figure represents the total cash balance (including funds held in local currency) at United Nations Headquarters and at the offices away from Headquarters.

(b) Assessed contributions unpaid:

(i) The assessed contributions receivable as at 31 December 2013 have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. On the basis of this policy, no provision has been made for delays in the collection of outstanding assessed contributions;

(ii) The total unpaid assessments as of 31 December 2013 are $19,026,848, of which $4,344,316 are over one year old and $14,682,532 are less than one year old.

(c) Other accounts receivable. The following is the composition of the other accounts receivable as at 31 December 2013 compared with those as at 31 December 2011:

(Thousands of United States dollars)

	2013	*2011*
Governments	210	168
Staff members	1 217	1 753
Vendors	43	12
United Nations entities	123	156
Other	10	48
Total	**1 603**	**2 137**

(d) Other accounts payable. The following is the composition of the other accounts payable balances as at 31 December 2013 compared with those as at 31 December 2011:

(Thousands of United States dollars)

	2013	*2011*
Staff members	1 251	944
Vendors	935	491
United Nations entities	105	221
Others	83	863
Provision for repatriation grants	768	812
Total	**3 142**	**3 331**

Note 6
Cash pool

(a) Background.

(i) The United Nations Treasury centrally invests surplus funds on behalf of the United Nations Secretariat, including the International Tribunal for Rwanda. Such surplus funds are combined in two internally managed cash pools, which invest in major segments of the money and fixed income markets. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by the ability to spread yield curve exposures across a range of maturities;

(ii) Investment activities of the cash pools are guided by the principles contained in the Investment Management Guidelines. An Investment Committee periodically assesses compliance with the Guidelines and makes recommendations for updates thereto, and also reviews performance.

(b) Investment management objectives:

Further to the Guidelines, investment objectives of the cash pools, in order of priority, are the following:

(i) Safety: ensure the preservation of capital;

(ii) Liquidity: ensure sufficient liquidity to enable the United Nations and participating entities to readily meet all operating requirements. Only assets which have a readily available market value and can be easily converted to cash are held;

(iii) Return on investment: attain a competitive market rate of return taking into account investment risk constraints and the cash flow characteristics of the pools. Benchmarks determine whether satisfactory market returns are being achieved in the cash pools.

(c) Cash pools:

(i) United Nations Headquarters Treasury manages investments in two cash pools — the Main Cash Pool and the Euro Cash Pool:

a. Effective 1 July 2013, the United Nations Headquarters and the United Nations Offices Away from Headquarters cash pools were combined to form the Main Cash Pool. The Main Cash Pool now comprises operational bank account balances and investments in United States dollars.

b. The Euro Cash Pool comprises investments in Euro currency; the Pool participants are mostly offices away from Headquarters that may have surplus of Euros from their operations.

(ii) The Tribunal participates in the Main Cash Pool only, which is invested in a variety of securities. Such securities may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. The Main Cash Pool does not invest in derivative instruments, asset-backed, mortgage-backed or equity products;

(iii) Investment transactions are now accounted for on a trade-date basis, reflecting a change from settlement date to trade date; the 2011 figures have not been restated as the impact of the change has been deemed to be immaterial. Investment income is recognized on the accrual basis; transaction costs that are directly attributable to the investment activity of the cash pool are expensed as incurred in the cash pool and the net income is distributed proportionately to the funds participating in the cash pool; operational bank account fees are not netted but distributed to cash pool participants. The unrealized market gains/losses on securities and foreign exchange gains/losses are distributed proportionately to all participants based on their end-of-year balances;

(iv) Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the cash pool participants;

(v) As at 31 December 2013, investments in the Main Cash Pool have been revalued at fair value. The 31 December 2011 comparative figures represent the book value of investments. The 2011 figures have not been restated as the impact of the change in valuation has been deemed to be immaterial.

(d) Financial information pertaining to the Main Cash Pool:

(i) As at 31 December 2013, the Main Cash Pool held total assets of $9,548.7 million; of this amount $49.3 million was due to the Tribunal, as

reflected against the cash pool line in statement II (statement of assets, liabilities and reserves and fund balances);

(ii) Financial information of the Main Cash Pool as at 31 December 2013 is summarized in table 1.

Table 1
Summary of assets and liabilities of the Main Cash Pool as at 31 December 2013
(Thousands of United States dollars)

	Main pool
Assets	
Short-term investments[a]	5 687 907
Long-term investments[a]	3 734 459
Total investments	9 422 366
Cash	113 200
Accrued investment income	13 084
Total assets	**9 548 650**
Liabilities	
Payable to the Tribunal	49 277
Payable to other Main Cash Pool participants not reported in Vol. I	9 499 373
Total liabilities	**9 548 650**
Net assets	–

Summary of net income of the Main Cash Pool for the biennium ended 31 December 2013
(Thousands of United States dollars)

	Main pool
Income	
Investment revenue	96 592
Realized gains on sales of securities	24 643
FX adjustments	4 241
Unrealized gains (losses)	4 811
Net income from investments	**130 287**
Bank fees	(1 083)
Net income from operations	**129 204**

[a] Fair value.

(e) Composition of the Main Cash Pool:

Table 2 shows a breakdown of investments held in the Main Cash Pool by type of instrument:

Table 2
Investments of the Main Cash Pool by type of instrument as at 31 December 2013
(Thousands of United States dollars)

Main Cash Pool	*Book value*	*Fair value*[a]
Bonds		
Non-United States agencies	2 073 122	2 077 421
Non-United States sovereigns	670 963	674 773
Supranationals	250 075	250 246
United States agencies	555 494	556 492
United States treasuries	1 597 161	1 592 050
Subtotal	**5 146 815**	**5 150 982**
Discounted instruments	2 138 208	2 138 849
Certificate of deposits	250 000	250 003
Term deposits	1 882 532	1 882 532
Total investments	**9 417 555**	**9 422 366**

[a] Fair value is determined by the independent custodian based on valuations of securities that are sourced from third parties.

(f) Financial risk management:

The Main Cash Pool is exposed to a variety of financial risks, including credit risk, liquidity risk, currency risk and market risk (which includes interest rate risk and other price risks), as described below:

(i) Credit risk:

The Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made. The credit ratings used are those determined by the major credit-rating agencies; Standard & Poor's and Moody's are used to rate bonds and commercial paper, and the Fitch Viability Rating is used to rate bank term deposits.

The credit ratings of the issuers whose securities were held in the Main Cash Pool are shown in table 3.

Table 3
Investments of the Main Cash Pool by credit ratings as at 31 December 2013
(Thousands of United States dollars)

Main Cash Pool	*Total*[a]	*Ratings*
Bonds	5 150 982	S&P: 32.3% AAA and 63.1% AA+/Aa; 4.6% NR; Moody's: 81.9% Aaa and 18.1% Aa1/Aa3
Discounted instruments	2 138 849	S&P: 71.7% A-1+ and 24.1% NR; Moody's: 95.8% P-1; Fitch: 4.2% aa-
Certificates of deposits	250 003	S&P: 40% A-1; Moody's: 40% P-1; Fitch: 60% a+/a-
Term deposits	1 882 532	Fitch: 58.6% aa- and 41.4% a+/a/a-
Total investments	**9 422 366**	

[a] Represents the fair value of securities as at 31 December 2014.

(ii) Liquidity risk:

The Main Cash Pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet commitments as and when they fall due. The major portion of the pool's cash and cash equivalents and investments are available within one day's notice to support operational requirements. Hence, the Main Cash Pool is able to respond to withdrawal needs in a timely manner, and liquidity risk is considered to be low.

(iii) Currency risk:

Currency risk is the risk that the value of investments denominated in non-United States dollars will fluctuate owing to changes in foreign exchange rates versus the United States dollars. The Main Cash Pool has no currency risk for its investments, which are in United States dollars. The Main Pool has currency risk for operational bank balances.

(iv) Interest rate risk:

Interest rate risk is the risk of variability in investments' values due to change in interest rates. In general, as interest rate rises, the price of a fixed rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed rate security's duration, with duration being a number expressed in years. The larger the duration, the greater the interest rate risk;

The Main Cash Pool is exposed to interest rate risk as their holdings comprise interest-bearing securities. As at 31 December 2013, the Main Cash Pool invested primarily in securities with shorter terms to maturity, with the maximum term being less than four years. The average duration of the Main Cash Pool was 0.92 years, which is considered to be indicator of low interest rate risk;

Table 4 shows how fair value of the Main Cash Pool as at 31 December 2013 would increase or decrease should the overall yield curve shift in response to changes in interest rates. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). However, in view of the current interest rate environment, the basis point shifts should be considered to be illustrative.

Table 4
Sensitivity of the Main Cash Pool to interest rates as of 31 December 2013

Shift in yield curve (Basis points)	*Change in fair value, Main Cash Pool (millions of United States dollars)*
(200)	174
(150)	130
(100)	87
(50)	43
0	(0)
50	(43)
100	(87)
150	(130)
200	(174)

(v) Other price risk:

The Main Cash Pool is not exposed to significant other price risk, as it does not sell short, or borrow securities, or purchase securities on margin, all of which limits the potential loss of capital.

Note 7
Accrued liabilities for end-of-service and post-retirement benefits

(a) End-of-service and post-retirement benefits comprise after-service health insurance coverage, repatriation benefits, commutation of unused vacation days, judges' pension benefits, judges' relocation allowance benefits and ad litem judges' ex gratia benefits. As disclosed in note 2, subparagraph (m) (v), all these liabilities, except for judges' relocation allowance benefits and ad litem judges' ex gratia benefits, are determined on the basis of an actuarial valuation, which was undertaken by an independent, qualified actuarial firm.

(b) After-service health insurance:

(i) Upon the end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and 5 years for those who were recruited prior to that date. This benefit is referred to as after-service health insurance;

(ii) The major assumptions used by the actuarial firm to determine the liabilities for after-service health insurance as at 31 December 2013 were a single equivalent discount rate of 4.96 per cent, a flat health care yearly escalation rate of 5.0 per cent for non-United States medical plans, and health care escalation rates of 7.3 per cent for all other medical plans (except 6.3 per cent for the United States Medicare plan and 5.0 per cent for the United States dental plan), grading down to 4.5 per cent over 10 years, and retirement, withdrawal and mortality assumptions consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits;

(iii) Another factor in the after-service health insurance valuation is consideration of contributions by all plan participants in determining the Tribunal's residual liability. Thus, contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted to arrive at the Tribunal's residual liability in accordance with cost-sharing ratios authorized by the General Assembly. These ratios require that the Tribunal's share shall not exceed one half for non-United States health plans, two thirds for United States health plans and three quarters for the medical insurance plan;

(iv) On the basis outlined in subparagraphs (ii) and (iii) above, the present value of the accrued liability as at 31 December 2013, net of contributions from plan participants, was estimated at $40,895,000.

(Thousands of United States dollars)

After-service health insurance	*Accrued liability*
Gross liability	74 967
Offset by contributions from plan participants	(34 072)
Net liability	**40 895**

The above net liability of $40.895 million compares to an estimate of $43.318 million as at 31 December 2011;

(v) Further to the assumptions set out in subparagraph (ii) above, it is estimated that the present value of the liability would increase by 20 per cent and decrease by 16 per cent if the medical cost trend is increased and decreased by 1 per cent, respectively, all other assumptions held constant. Similarly, it is estimated that the accrued liability would increase by 20 per cent and decrease by 16 per cent if the discount rate is decreased and increased by 1 per cent, respectively, all other assumptions held constant.

(c) Repatriation benefits:

(i) Upon the end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant which is based upon length of service, and travel and removal expenses. These benefits are collectively referred to as repatriation benefits;

(ii) As referred to in note 2, subparagraph (m) (v), an actuarial firm was engaged to carry out an actuarial valuation of repatriation benefits as of 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.08 per cent, and annual salary increases consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits, and travel and shipment cost increases of 2.5 per cent per annum;

(iii) On the basis of these assumptions, the present value of the accrued liability for repatriation benefits as at 31 December 2013 was estimated at $9,159,000.

(d) Unused vacation days:

(i) Upon the end of service, staff members holding fixed-term or continuing appointments may commute unused vacation days up to a maximum of 60 working days;

(ii) As referred to in note 2, subparagraph (m) (v), an actuarial firm was engaged to carry out an actuarial valuation of the liability associated with unused vacation days as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.25 per cent, and an annual rate of increase in accumulated annual leave balances of 10.9 days in each of the first three years, 1 day per year in the fourth to eighth year and 0.5 days annually thereafter, capping at an accumulation of 60 days. Salary is assumed to increase annually at rates consistent with those used by the Pension Fund in making its own actuarial valuation of pension benefits;

(iii) On the basis of these assumptions, the present value of the accrued liability of unused vacation days as at 31 December 2013 values was estimated at $2,862,000.

(e) Upon retirement, judges of the Tribunal are entitled to a pension, which is not payable by the Pension Fund. As referred to in note 2, subparagraph (m) (v), an actuarial firm was engaged to carry out an actuarial valuation of the judges' pension-related liabilities as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.46 per cent, standardized mortality tables and cost of living increases at an annual rate of 2.5 per cent. On the basis of these assumptions, the present value of the accrued liability as at 31 December 2013 was estimated at $21,579,000.

(f) Pursuant to General Assembly resolution 65/258, the Tribunal judges are entitled to a relocation allowance benefit equal to that of judges of the International Court of Justice. Further, ad litem judges of the Tribunal are entitled to a one-time ex gratia benefit upon completion of service for a continuous period of more than three years. The liabilities for relocation allowance benefits for judges and ex gratia benefits for ad litem judges as at 31 December 2013 are estimated at $361,000 and $87,000, respectively.

Note 8
Non-expendable property

In accordance with United Nations accounting policies, non-expendable property is charged against the current allotment in the year of purchase. The Tribunal's non expendable property, valued at historical cost, according to its cumulative inventory records as at 31 December 2013 and 2011, respectively, was as follows:

(Thousands of United States dollars)

	2013	*2011*
Balance at 1 January	18 604	20 022
Acquisitions	1 168	2 053
Less: Write-offs: accidents, thefts and damages	(190)	(134)
Less: dispositions	(6 989)	(4 065)
Adjustments	(862)[a]	728
Balance as at 31 December	**11 731**[b]	**18 604**

[a] Primarily represents items previously included but which were subsequently determined not to be non-expendable properties.

[b] Includes $619,206 for non-expendable property approved for write-off but not yet disposed of, and $538,897 for non-expendable property pending approval for write-off.

Note 9
Future operations

(a) In its resolution 1966 (2010), the Security Council decided to establish the International Residual Mechanism for Criminal Tribunals, with two branches for the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia in order to carry out a number of essential functions, such as the trial of fugitives, after the closure of the Tribunals. The branch for the International Criminal Tribunal for Rwanda commenced operations on 1 July 2012 for an initial period of four years. The Mechanism coexisted with both Tribunals during the 2012-2013 biennium and shared resources, provided mutual support and coordination.

(b) In its resolutions 1966 (2010), 2029 (2011) and 2130 (2013), the Security Council requested that the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia take all possible measures to expeditiously complete all their remaining work no later than December 2014, to prepare their closure and to ensure a smooth transition to the Mechanism, including through advance teams in each of the Tribunals.

(c) With respect to funding of post-retirement benefits, the General Assembly, in its resolution 64/239, endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions that the liabilities for future payments of pensions to judges and surviving spouses and after-service health insurance should be addressed in the final budget submission and performance report of the Tribunal.

Annex

Trust Fund to support the activities of the International Tribunal for Rwanda

Schedule of income, expenditure, reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Reserves and fund balances, beginning of period	*Income*	*Expenditure and other adjustments*	*Reserves and fund balances, end of period*
Trust Fund to support the activities of the International Criminal Tribunal for Rwanda	1 114	118	433	799

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Official Records
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Supplement No. 5N

A/69/5/Add.14

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

Financial report and audited financial statements

for the biennium ended 31 December 2013

and

Report of the Board of Auditors

United Nations • New York, 2014

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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Letters of transmittal

Letter dated 31 March 2014 from the Secretary-General to the Chair of the Board of Auditors

In accordance with financial regulation 6.5, I have the honour to submit the accounts of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the biennium ended 31 December 2013, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) **BAN** Ki-moon

Letter dated 30 June 2014 from the Chair of the Board of Auditors to the President of the General Assembly

I have the honour to transmit to you the financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, for the biennium ended 31 December 2013, which were submitted by the Secretary-General. These statements have been examined by the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above-mentioned accounts, including the audit opinion thereon.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Report on the financial statements

We have audited the accompanying financial statements of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, which comprise the statement of income and expenditure and changes in reserves and fund balances (statement I), the statement of assets, liabilities and reserves and fund balances (statement II), the statement of cash flows (statement III) and the statement of appropriations (statement IV), and the notes to the financial statements.

Management's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of these financial statements in accordance with the United Nations system accounting standards, and for such internal control as management deems necessary to permit the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is appropriate and sufficient to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the International Criminal Tribunal for the Former Yugoslavia as at 31 December 2013 and its financial performance and cash flows for

the biennium then ended, in accordance with the United Nations system accounting standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the Tribunal that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations and the related annex, we have also issued a long-form report on our audit of the Tribunal's financial statements.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the
United Republic of Tanzania
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor General of China

Chapter II
Long-form report of the Board of Auditors

Summary

The Board of Auditors has audited the financial statements and reviewed the operations of the International Criminal Tribunal for the former Yugoslavia for the biennium ended 31 December 2013. The audit was carried out at the Tribunal's headquarters in The Hague, Netherlands.

Audit opinion

The Board issued an unqualified audit report on the financial statements of the Tribunal for the biennium ended 31 December 2013. The opinion of the Board is reflected in chapter I of the present report.

Overall conclusion

The Board did not find material misstatements which could affect its opinion on the Tribunal's financial statements, although it noted a number of areas with scope for improvement, including: uncertainties in completing any cases still pending and handing over its mandate within the expected time, lack of adequate oversight of the Information and Communication Technology and high turnover of staff as they lack incentive to remain in posts which are about to be abolished.

In addition, the Tribunal adopted the International Public Sector Accounting Standards (IPSAS) from 1 January 2014 and has made good progress, but there are some delays in finalizing data cleansing for the preparation of actual IPSAS-compliant opening balances and financial statements.

The Tribunal needs to ensure that IPSAS-compliant opening balances and financial statements are complete.

Key findings and recommendations

Progress towards the implementation of the International Public Sector Accounting Standards

The Tribunal's preliminary activities for preparation of IPSAS opening balances and then financial statements which were scheduled to be completed by March 2014 were not implemented as at the time of audit (May 2014). The Board is of the view that some of the unimplemented activities were critical for the successful implementation of IPSAS. Those activities included reconciliation of records between the Integrated Management Information System at United Nations Headquarters and the Sun ledgers for trust fund projects and improvement and customization of some of the office standard operating procedures. In addition, the preparation of the IPSAS benefits realization plan, which the Tribunal stated was under the control of United Nations Headquarters, was not ready. Further, the Tribunal's finance staff are involved in preparing for the roll-out of the new Enterprise Resource Planning system (Umoja) which will occur on 1 June 2015. This will include data cleansing of, for example, finance and payroll information.

The Board considers that it is important for the Tribunal to complete the remaining activities for IPSAS implementation in 2014 to provide a comprehensive record of the completion of Tribunal operations and set a foundation for transferring them to its successor, who will also be closing its accounts under the IPSAS framework. The Tribunal has already invested a lot of resources in arriving at the IPSAS balances and therefore, successful adoption before relinquishing its mandate is beneficial to all stakeholders.

Recommendations

The Board has made a number of recommendations based on its audit. The main recommendation is that the Tribunal collaborate with IPSAS implementation teams at United Nations Headquarters to complete the remaining IPSAS implementation opening balances activities as planned for successful completion and handing over of its mandate to its successor.

A. Background

1. The International Criminal Tribunal for the former Yugoslavia is a United Nations court of law established in 1993 to deal with war crimes that were committed during the conflicts in the former Yugoslavia in the 1990s. It is located in The Hague, with field offices in Sarajevo and Belgrade. The Tribunal was established by the Security Council in its resolution 827 (1993). It is mandated to bring to justice those responsible for serious violations of international humanitarian law committed in the former Yugoslavia since 1991 and thus contribute to the restoration and maintenance of peace in the region.

2. The Tribunal consists of three organs, namely, the Chambers, the Office of the Prosecutor and the Registry. The Chambers comprise three Trial Chambers and an Appeal Chamber. The Chambers are responsible for trial and appeals, and the Office of the Prosecutor is responsible for the investigation and prosecution. The Registry, which services both the Chambers and the Prosecutor, is responsible for the administration and servicing of the Tribunal.

3. In its resolution 1966 (2010), the Security Council decided to establish the International Residual Mechanism for Criminal Tribunals with two branches which will take over the mandates of the International Criminal Tribunal for the former Yugoslavia and the International Criminal Tribunal for Rwanda. The branch for the International Criminal Tribunal for Rwanda, based in Arusha, commenced operations on 1 July 2012 and the branch for the International Criminal Tribunal for the former Yugoslavia, based in The Hague, commenced operations on 1 July 2013. The Mechanism coexisted with both Tribunals during the biennium 2012-2013, sharing resources, providing mutual support and coordinating their activities to their mutual benefit.

B. Mandate, scope and methodology

4. The Board of Auditors has audited the financial statements of the International Criminal Tribunal for the former Yugoslavia and has reviewed its operations for the biennium ended 31 December 2013 in accordance with General Assembly resolution 74 (I). The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as with the International Standards on Auditing. The Standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

5. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the Tribunal as at 31 December 2013 and its financial performance and cash flows for the biennium then ended, in accordance with the United Nations system accounting standards. This included an assessment as to whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting

evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

6. In addition to the audit of the accounts and financial transactions, the Board carried out reviews of the Tribunal's operations under financial regulation 7.5, which requires the Board to make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Tribunal's operations. Those matters are addressed in the relevant sections of the present report.

7. The Board continues to report the results of audits to the Tribunal in the form of management letters containing detailed observations and recommendations. This practice allows for continuous discussion and improvement of the Tribunal's internal controls.

8. The Board coordinates with the Office of Internal Oversight Services in the audit in order to avoid duplication of efforts and to determine the extent to which the Board could rely on its work.

9. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly; the observations and conclusions were discussed with the Tribunal, the views of which have been appropriately reflected in the report.

C. Findings and recommendations

1. Follow-up on the previous audit recommendations

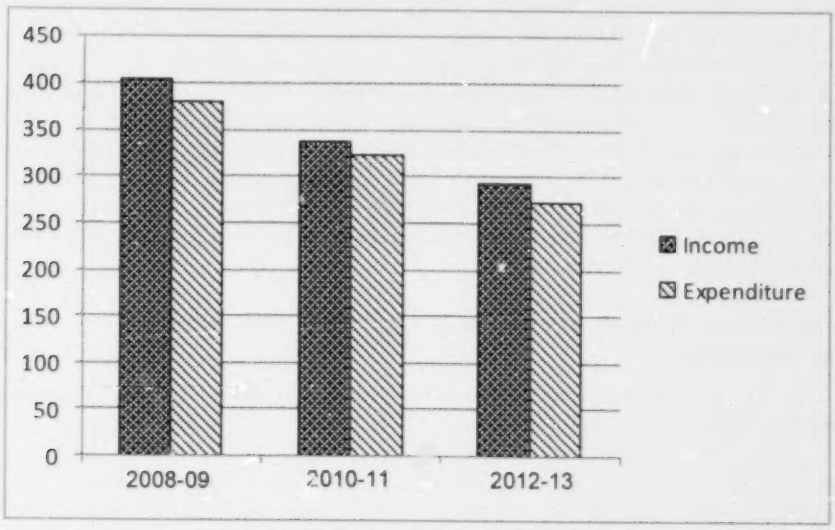
10. Of the six recommendations made for the biennium 2010-2011, five (83 per cent) were fully implemented and one (17 per cent) was under implementation. The recommendation under implementation requires the Tribunal to ensure that all non-expendable properties amounting to $1.9 million are labelled. Details of the status of implementation of the recommendations are presented in the annex to the present chapter.

11. The Board is generally satisfied with the implementation of its recommendations and considers that there is adequate management follow-up to address the outstanding recommendations.

2. Financial overview

12. Total income for the period under review amounted to $292.03 million (2010-2011: $337.15 million), while total expenditure amounted to $272.62 million (2010-2011: $324.14 million), resulting in excess of income over expenditure before adjustments of $19.41 million. Comparative incomes and expenditures for the financial periods 2008-2009, 2010-2011 and 2012-2013 are shown in the figure below. The pattern reflects the decrease of activities as the Tribunal is in the process of closing down.

Comparative income and expenditure, 2008-2009 to 2012-2013
(Millions of United States dollars)



Source: International Criminal Tribunal for the former Yugoslavia financial statements for 2008-09 to 2012-13.

3. Evaluation of overall service sustainability

13. The Tribunal is in a process of scaling down its operations for the closure of its mandate and the remaining operations will be assumed by the International Residual Mechanism for International Criminal Tribunals. The closing down has resulted in a high rate of staff turnover, which could have an impact on the estimated date of completion of cases. The current trial and appeal schedule contemplates judicial activity throughout the biennium 2014-2015 and beyond. On that basis, the Tribunal proposed, and the General Assembly approved, a budget for the entire period of 2014-2015.

4. Completion strategy

14. In its resolution 1966 (2010), the Security Council requested the Tribunal to take all possible measures to expeditiously complete all the remaining work not later than 31 December 2014, prepare the closure strategy and ensure a smooth transition to the Mechanism.

15. The Tribunal continues to make consistent efforts to complete its mandate as requested by the Council, but the Board is concerned about the uncertainties of completing the pending cases as expected. The Board noted that, as at May 2014, a total of 161 individuals indicted by the Tribunal had been arrested, and that the cases had all been concluded, except for 25 proceedings. Of the remaining 25 indicted individuals, 12 are currently on trial, 11 are in appeal proceedings, and 2 have been convicted at trials but have not yet filed any notice of appeal.

16. The Tribunal anticipates concluding all the trials in 2014, with the exception of three relating to late arrests in 2011 which are expected to go beyond 31 December 2014. Other activities expected to go beyond December 2014 include: transfer of

physical and digital records for inactive cases to the Mechanism, which is expected to be completed by February 2015; abolition of 45 to 60 per cent of the posts by December 2015; and an appeal activity, which is expected to be completed by July 2016. Under the circumstances, the General Assembly decided to provide a budget and extend the mandate delivery of the entity up to the end of 2015. The Tribunal considers that the pending activities might be completed by the end of 2017, as it is currently facing the challenges of high staff turnover, owing to the lack of incentives to remain in posts which are about to be abolished. Accordingly, the Tribunal is bound to continue beyond 31 December 2014, contrary to the Security Council expectations as set out in resolution 1966 (2010). The Board will continue to monitor the closure process and the handing over of Tribunal activities to the Mechanism in the coming audits.

5. Progress towards implementation of the International Public Sector Accounting Standards

17. The Tribunal started implementation of the International Public Sector Accounting Standards (IPSAS) on 1 January 2014 and, according to the activity log (action plan), was expected to complete the preliminary activities for preparation of IPSAS opening balances by March 2014. During the final audit, the Board noted significant progress made by the Tribunal towards IPSAS implementation but there were still some activities to be completed. They included reconciliation of records between the Integrated Management Information System (IMIS) at United Nations Headquarters and the Sun ledgers for trust fund projects and customization of some of the office standard operating procedures. The Board also noted that the IPSAS benefit realization plan was not ready, but the Tribunal stated that it was under the control of the IPSAS implementation team at Headquarters. In addition, the Tribunal's finance staff are involved in preparing for the roll-out of the new enterprise resource planning system (Umoja) which will occur on 1 June 2015. This will include data cleansing of, for example, finance and payroll information.

18. The Board considers that it is important for the Tribunal to complete the remaining activities for IPSAS implementation, including the preparation of accurate and complete opening balances for IPSAS accounts in 2014. IPSAS-compliant financial statements will provide a comprehensive record of the completion of the Tribunal's operations and set a foundation for transferring them to its successor, which will also be closing its accounts under the IPSAS framework. In addition, the Tribunal has already invested a lot of resources in order to comply with IPSAS and therefore its successful adoption of IPSAS before relinquishing its mandate is beneficial to all stakeholders.

19. **The Tribunal agreed with the Board's recommendation that it collaborate with the IPSAS implementation team at United Nations Headquarters to complete the remaining IPSAS implementation activities as planned.**

Long-outstanding provisions for repatriation grants

20. The Board noted that, of the total provision for repatriation grants, a balance of $1.52 million (note 5) remained as at 31 December 2013; $1.01 million (67 per cent) comprised 78 staff entitlements that had been outstanding for periods ranging from 2 to 13 years, contrary to rule 3.19(j) of the Staff Rules and Regulations of the United Nations. The instrument requires the cessation of entitlements of repatriation

grant for staff separated from the United Nations common system, if they are not claimed within two years after the effective date of separation.

21. The Tribunal attributed the delay to its inability to identify the current employers of repatriated staff, but indicated that the Office of Human Resources Management at United Nations Headquarters, in collaboration with the Tribunal, would continue to filter the list of the former staff with active status in IMIS, and would determine a right course of action to be taken on the remaining balances payable in respect of repatriation grants.

22. The Board is of the view that the exercise for data cleansing for IPSAS adoption should have detected the deficiency, and therefore if the error is not corrected immediately, it will affect the amount of provisions to be reflected in the opening balance of dry-run financial statements.

23. **The Tribunal agreed with the Board's recommendation to collaborate with the Office of Human Resources Management at United Nations Headquarters to establish a procedure that will assist management in identifying overdue unclaimed repatriation grants for cancellation of the respective provisions.**

6. Human resources management

Delays in completion of recruitment process

24. The Tribunal uses the Inspira system put in place by the United Nations in 2010; it is an integrated software for facilitating recruitment and performance management and is therefore intended to provide streamlined solutions for recruiting, and performance management of staff.

25. The Board noted that one of the major functions of Inspira is to streamline the recruitment process so that it takes only 60 days from the job opening to selection. However, for 28 staff recruited in 2013, 11 (39 per cent) it took an average of 196 days to complete the process. An extreme case was noted where it took the Tribunal 312 days from the development of shortlists to the submission of the report to Central Review Board.

26. The Tribunal explained that the introduction of Inspira by the United Nations had required increased involvement in the process by the hiring managers and that the scope of the requirements for assessing candidates had increased. In addition, there had been a significant increase in the number of applicants. The combination of these factors had resulted in some delays.

27. The Board is of view that, for the time remaining before the Tribunal relinquishes its mandate, the new recruitment process needs to be carried out in the shortest possible time and therefore, an immediate review of the current end-to-end recruitment process is required.

28. **The Tribunal agreed with the Board's recommendation that the recruitment timeline of 60 days be met.**

Lack of staff performance appraisal

29. The Board reviewed a sample of 54 staff personnel files and noted that, contrary to sections 6.1 and 11.1 of administrative instruction ST/AI/2010/5, the Tribunal had not undertaken the performance appraisal of 22 staff (41 per cent of the

sampled staff) during the 2011/12 appraisal cycle. Additional examination revealed that 46 staff (5.7 per cent of the total of 801 staff) had not been appraised during the 2012/13 cycle. The lack of staff performance appraisal leads to the risk that the organization could have renewed contracts for underperformers and could grant inappropriate staff promotions.

30. The Tribunal stated that in 2011-2012 it had used the United Nations-wide deadline for finalizing performances appraisals, rather than the internal deadline. After its efforts, the performance had been 95.78 per cent for 2012/13 and 87.24 per cent for 2011/12.

31. **The Tribunal agreed with the Board's recommendation that it encourage managers and staff to ensure that performance reviews are carried out and that staff are sensitized about the importance to their career development of completing the performance review, as required in sections 6.1 and 11.1 of the administrative instruction on the performance management and development system.**

7. Archive and record management

Classification of records in the retention schedule

32. The Secretary-General's bulletin entitled International Criminal Tribunals: information sensitivity, classification, handling and access (ST/SGB/2012/3), dated 20 July 2012, requires that adequate measures be taken for protection of sensitive records and information. The bulletin categorizes the records into "judicial" and "non-judicial" and states the authorities for their management based on their sensitivity. The Board noted that the records listed in the records retention schedules up to April 2012 had not been classified and labelled as instructed.

33. The Board is of the view that the delays in classifying the Tribunal's records and labelling them appropriately might lead to sensitive and classified records being misplaced.

34. The Tribunal stated that the classification exercise had been delayed because it was waiting for the approval of the new Secretary-General's bulletin on information security and access for the International Criminal Tribunal for the former Yugoslavia and the International Criminal Tribunal for Rwanda. The Board, however, noted that a new bulletin had been approved since 20 July 2012, but as at the time of audit inspection, in May 2014, the classification exercise had still not been completed.

35. **The Tribunal agreed with the Board's recommendation that a clear timetable be set with a timeline for completion of its records classification and retention scheme to avoid risks of misallocation and management of sensitive information.**

8. Information and communications technology

36. The Board reviewed the adequacy of information and communications technology general controls and management of the information technology systems and noted the following deficiencies:

(a) *Disaster recovery plan*. The Tribunal has seven disaster recovery procedures and instructions for its critical systems. Four of these recovery procedures are generic and therefore do not provide detailed procedures on recovery

in case a disaster occurs. These individual procedures and instructions need to be reviewed and combined into one overarching plan that would encompass all aspects of an information and communications technology disaster recovery plan. This is in line with paragraph 63 (infrastructure management programme) of the report of the Secretary-General dated 9 April 2008 on an information and communications strategy for the United Nations Secretariat (A/62/793 and Corr.1). According to the report, the United Nations organizations should establish a comprehensive set of plans to address disasters or interruptions especially on the information and communications technology aspects of business continuity and disaster recovery. The lack of a disaster recovery plan poses risks to the business continuity of the Tribunal in case it is hit by a disaster;

(b) *Missing records in the audit logs*. The Tribunal has 136 databases which are in four different servers. The Board noted that 6 out of the 136 database systems have audit log and in 5 out of the 6 (83 per cent) entries were missing from their audit logs. In the absence of audit logs the databases are susceptible to the risk of being deleted without leaving a trail of the transactions;

(c) *Multiple user accounts in Sun system (financial system)*. The Board reviewed the Sun system general controls and noted that users had multiple accounts in the proportion of 44 user accounts against 25 officers. Creation of multiple user accounts increases the risk of there being no proper segregation of duties, since different account users can be granted conflicting roles, contrary to the system control. The Tribunal stated that this risk was mitigated by the controls in place and that the existing accounts assigned to the same users followed the principle of segregation of duties and did not have conflicting access. However, the Board still considers that the Tribunal needs to undertake periodic reviews of the audit logs of the databases and improve system control to protect the audit logs from being manipulated;

(d) *Permanent deletion of user accounts and history*. User accounts of six staff in the Sun system that left the Tribunal during the period under review were deleted rather than deactivated. This system limitation creates the risk of someone having the same user identification as the previously deleted account and may lead to loss of audit logs of separated staff. The Board also noted that, after the account name has been deleted from the system, it is not possible to track changes made in the system for all transactions of the deleted account. The noted deficiencies increase the risk that actions committed in the system cannot be traced to users who separate from the Tribunal. The Tribunal stated that the independent practice of maintaining a record of system user identifications in relation to staff mitigated any risks identified. The Board acknowledges the Tribunal's explanations, but still considers that deactivating rather than deleting the user account is a more appropriate way of risk mitigation;

(e) *The oversight role of information and communications technology*. The terms of reference of the information and communications technology committee require it to meet at least quarterly, but it was noted that for the period of five months from January 2013 to May 2013 and six months from December 2013 to May 2014, the meetings were not convened as required under the terms of reference. The committee has therefore not rendered its oversight role and the Board is concerned that the failure to observe the meetings calendar might cause delays of some activities, such as prioritization of the information and communications

technology projects. For example, of the total of 22 such projects for the biennium, 20 were not completed within the estimated time frame.

37. The Tribunal stated that it was in the process of reviewing its disaster recovery procedures and establishing a plan to ascertain risks for all its critical business systems and the appropriate mitigations. The Board noted, however, that the deficiencies were caused by inadequate oversight of the information and communications technology committee and its related controls, and in the cases of cybercrimes it is difficult to trace back the responsible persons and how it happened.

38. **The Tribunal agreed with the Board's recommendation that it: (a) review, test and combine its individual disaster recovery plans into one comprehensive plan that considers all the critical business systems and their dependencies; (b) conduct a periodic review of the audit logs of the databases and improve the system control to protect the audit logs from being manipulated; (c) conduct meetings regularly, as stipulated in the terms of reference for review and timely prioritization of information and communications technology projects.**

D. Disclosures by management

39. The Tribunal made the following disclosures relating to write-offs, ex gratia payments and cases of fraud and presumptive fraud which in the Board's view are not material.

1. Write-off of cash, receivables and property

40. The Tribunal informed the Board that, in accordance with financial rule 106.8, accounts receivables of $2,294.03 were written off. In accordance with financial rule 106.9, there were write-offs in respect of non-expendable properties of $438,000 relating to accidents, theft and damages during the biennium 2012-2013, compared with $36,000 for 2010-2011. No losses of cash were written off during the biennium.

2. Ex gratia payments and cases of fraud and presumptive fraud

41. According to financial rule 105.12, the disclosure by management showed that the Tribunal neither made ex gratia payments nor had cases of fraud and presumptive fraud during the biennium.

E. Acknowledgement

42. The Board wishes to express its appreciation to the President, the Prosecutor, the Registrar and the staff of the Tribunal for the cooperation and assistance extended to its staff.

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland
Chair of the Board of Auditors

(*Signed*) Ludovick S. L. **Utouh**
Controller and Auditor General of the
United Republic of Tanzania
(Lead Auditor)

(*Signed*) **Liu** Jiayi
Auditor General of China

30 June 2014

Annex

Status of implementation of recommendations of the Board of Auditors for the biennium ended 31 December 2011

Summary of recommendation	*Paragraph reference*	*Financial period first made*	*Implemented*	*Under implementation*
Expedite its preparations, including the undertaking of a comprehensive review of its need for the implementation of IPSAS and more proactively communicate with the Headquarters IPSAS implementation team so as to better prepare for the implementation of IPSAS	20	2010-2011	X	
Consolidate existing plans and reports associated with the closure of the International Criminal Tribunal for the former Yugoslavia and the transition to the International Residual Mechanism for the Criminal Tribunals into a single comprehensive plan integrating all the elements needed to guide its orderly closure, including, but not limited to, the identification of tasks to be performed, milestones, and the risks and benefits associated with the closure	23	2010-2011	X	
Continue to ensure that trials and appeals are undertaken as expeditiously as possible, with due regard for the rights of the accused and due process	26	2010-2011	X	
The downsizing methodology to be applied at the time of the next budget should aim at abolishing all types of posts (including both temporary and general temporary assistance positions) rather than temporary posts only or general temporary assistance posts only	30	2010-2011	X	
Put in place procedures to resolve the matters identified through its physical verification exercises of non-expendable property; update the database of non-expendable property in a timely manner; and ensure that all non-expendable property is properly labelled	35	2010-2011		X
Develop an e-mail management policy to distinguish between business and private e-mail; prepare a disaster recovery plan for physical records; and improve the management of vaults in order to enhance the management of the archives and records	40	2010-2011	X	
Total		**6**	**5**	**1**
Percentages		**100**	**83**	**17**

Chapter III
Certification of the financial statements

Letter dated 31 March 2014 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the United Nations International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the biennium ended 31 December 2013 have been prepared in accordance with financial rule 106.10 of the Financial Regulations and Rules of the United Nations.

The summary of significant accounting policies applied in the preparation of the present statements is included in the notes to the financial statements. The notes provide additional information on and clarification of the financial activities undertaken by the Tribunal during the period covered by the statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, numbered I to IV, are correct.

(*Signed*) Maria Eugenia **Casar**
Assistant Secretary-General, Controller

Chapter IV
Financial report for the biennium ended 31 December 2013

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the accounts of the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 for the biennium ended 31 December 2013. The accounts consist of four statements and the related notes.

2. The financial report is designed to be read in conjunction with the financial statements. The annex includes supplementary information that is required to be reported to the Board of Auditors under the Financial Regulations and Rules.

B. Overview

3. The total income for the biennium decreased by 13.4 per cent, from $337.1 million to $292.0 million. Lower interest rates, combined with lower investable average balances, are the main factors for the reduction in interest income.

4. The budget of the Tribunal for the biennium 2012-2013 totalled $279.0 million, as appropriated by the General Assembly in its resolutions 66/239, 67/243 and 68/256. Actual expenditure for the biennium totalled $272.6 million, leaving an unencumbered balance of $6.4 million, which was mainly attributable to a surplus of $4.7 million in the Registry and $1.0 million in the Office of the Prosecutor. The 2012-2013 expenditure of $272.6 million represented a decrease of $51.5 million, or 15.9 per cent, over the expenditure of $324.1 million in the biennium 2010-2011, which is attributable mainly to a scaling down of operations and a reduction in the number of posts at the Tribunal, in line with the completion strategy and eventual transition to the International Residual Mechanism for Criminal Tribunals.

5. The following table shows the amount of expenditure by functional category:

(Thousands of United States dollars)

Functional category	*2013*	*2011*	*Increase (Decrease)*
Staff and other personnel costs	215 803	248 024	(32 221)
Travel	3 103	3 791	(688)
Contractual services	29 113	43 274	(14 161)
Operating expenses	22 420	28 801	(2 381)
Acquisitions	2 170	4 180	(2 010)
Other	11	65	(54)
Total	**272 620**	**324 135**	**(51 515)**

6. Overall cash as at 31 December 2013 totalled $75.8 million, representing a decrease of $5.0 million compared with $80.8 million as at 31 December 2011. The decrease is due largely to the $18.6 million increase in assessed contributions receivable.

7. The Tribunal's end-of-service liabilities relating to after-service health insurance, repatriation benefits and unused vacation days were determined on an actuarial basis, as described in note 7 to the financial statements, and amounted to $28.5 million, $11.3 million and $3.7 million, respectively, as at 31 December 2013. The Tribunal's liabilities for judges' pension benefits were also determined on an actuarial basis and amounted to $27.0 million as at 31 December 2013. Further, pursuant to General Assembly resolution 65/258, the Tribunal estimated the liabilities for judges' relocation allowance benefits and ad litem judges' ex gratia benefits in the amounts of $0.9 million and $0.3 million, respectively. The total of all these liabilities stood at $71.7 million, which represents an increase of $2.0 million compared with the total of $69.7 million as at 31 December 2011.

Annex

Supplementary information

1. The present annex provides supplementary information that the Secretary-General is required to provide.

Write-off of losses of cash and receivables

2. In accordance with financial rule 106.7, there was a write-off of receivables amounting to $2,294.03 during the biennium 2012-2013.

Write-off of losses of property

3. In accordance with the financial rule 106.7, property losses amounting to $18,203 were written off during the biennium 2012-2013.

Ex gratia payments

4. There were no ex gratia payments during the biennium 2012-2013.

Chapter V

Financial statements for the biennium ended 31 December 2013

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991[a]

I. Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	2013	*2011*
Income		
Assessed contributions[b]	289 878	332 890
Interest income	1 353	3 726
Other/miscellaneous income	797	530
Total income	**292 028**	**337 146**
Expenditure		
Staff and other personnel costs	215 803	248 024
Travel	3 103	3 791
Contractual services	29 113	43 274
Operating expenses	22 420	24 801
Acquisitions	2 170	4 180
Other	11	65
Total expenditure	**272 620**	**324 135**
Excess (shortfall) of income over expenditure	**19 408**	**13 011**
Non-budgeted accrued expenses for end-of-service and post-retirement benefits[c]	(1 964)	(22 666)
Prior-period adjustments	(2)	–
Net excess (shortfall) of income over expenditure	**17 442**	**(9 655)**
Cancellation of prior-period obligations	2 733	3 867
Transfers to other funds[d]	(4 074)	–
Reserves and fund balances, beginning of period	7 898	13 686
Reserves and fund balances, end of period	**23 999**	**7 898**

[a] See notes 2 and 3.

[b] In accordance with General Assembly resolutions 66/239 and 67/243, assessments for the International Tribunal are based in part on the scale of assessment applicable to the United Nations regular budget and in part on the scale of assessment applicable to peacekeeping operations.

[c] Represents net increases in accrued liabilities for after-service health insurance costs of $1,585,000, for repatriation benefits of $800,000, for judges' pension benefits of $202,000, for judges' relocation allowance benefits of $107,000, for decreases for unused vacation days of $648,000 and ad litem judges' ex gratia benefits of $82,000. See note 7.

[d] Represents a transfer of credit in accordance with General Assembly resolutions 68/245 and 68/256.

The accompanying notes are an integral part of the financial statements.

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991[a]

II. Statement of assets, liabilities and reserves and fund balances as at 31 December 2013

(Thousands of United States dollars)

	2013	*2011*
Assets		
Cash and term deposits	1 706	2 583
Cash pool[b]	74 055	78 184
Assessed contributions receivable from Member States[c]	33 656	15 056
Other accounts receivable	2 873	2 753
Deferred charges	22 636	10 120
Other assets	43	22
Total assets	**134 969**	**108 718**
Liabilities		
Contributions or payments received in advance	504	618
Unliquidated obligations — current period	8 267	10 189
Unliquidated obligations — future periods	22 264	9 708
Inter-fund balances payable	6 619	8 852
Other accounts payable	1 613	1 714
End-of-service and post-retirement liabilities[d]	71 703	69 739
Total liabilities	**110 970**	**100 820**
Reserves and fund balances		
Cumulative surplus (deficit)	23 999	7 898
Total reserves and fund balances	**23 999**	**7 898**
Total liabilities and reserves and fund balances	**134 969**	**108 718**

[a] See notes 2 and 3.

[b] Represents share of the United Nations Main Cash Pool and comprises cash and term deposits of $15,477,924, short-term investments of $29,512,642, long-term investments of $28,962,649 and accrued interest receivable of $101,477. See note 6.

[c] Includes assessed contributions unpaid, irrespective of collectability.

[d] Represents accrued liabilities for after-service health insurance costs of $28,544,000, for repatriation benefits of $11,263,000, for unused vacation days of $3,651,000, for judges' pension benefits of $27,040,000, for judges' relocation allowance benefits of $912,000 and ad litem judges' ex gratia benefits of $293,000. See note 7.

The accompanying notes are an integral part of the financial statements.

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991[a]

III. Statement of cash flows for the biennium ended 31 December 2013

(Thousands of United States dollars)

	2013	*2011*
Cash flows from operating activities		
Net excess (shortfall) of income over expenditure (Statement I)	17 442	(9 655)
(Increase) decrease in assessed contributions receivable	(18 600)	12 426
(Increase) decrease in other accounts receivable	(1 20)	(766)
(Increase) decrease in deferred charges	(12 516)	6 869
(Increase) decrease in other assets	(21)	100
Increase (decrease) in contributions or payments received in advance	(114)	543
Increase (decrease) in unliquidated obligations	10 634	(19 896)
Increase (decrease) in inter-fund balances payable	(2 233)	4 853
Increase (decrease) in other accounts payable	(101)	58
Increase (decrease) in other liabilities	–	(1)
Increase (decrease) in end-of-service and post-retirement liabilities	1 964	22 666
Less: Interest income	(1 353)	(3 726)
Net cash flows from operating activities	**(5 018)**	**13 471**
Cash flows from investing activities		
Interest income	1 353	3 726
Net cash flows from investing activities	**1 353**	**3 726**
Cash flows from financing activities		
Cancellation of prior-period obligations	2 733	3 867
Transfers to other funds	(4 074)	–
Net cash flows from financing activities	**(1 341)**	**3 867**
Net increase (decrease) in cash and term deposits and cash pool	**(5 006)**	**21 064**
Cash and term deposits and cash pool, beginning of period	80 767	59 703
Cash and term deposits and cash pool, end of period	**75 761**	**80 767**

[a] See notes 2 and 3.

The accompanying notes are an integral part of the financial statements.

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991

IV. Statement of appropriations for the biennium ended 31 December 2013

	Appropriations[a]			*Expenditure*			
Programme of work	*Original*	*Change*	*Revised*	*Disbursements*	*Unliquidated obligations*	*Total*	*Unencumbered Balance*
A. The Chambers	12 076	1 064	13 140	12 903	9	12 912	228
B. The Office of the Prosecutor	48 787	4 105	52 892	51 649	383	52 032	860
C. Registry	187 430	(7 237)	180 193	167 816	7 712	175 528	4 665
D. Records management and archives	2 521	(1 276)	1 245	810	164	974	271
E. Staff assessment	30 222	1 302	31 524	31 174	–	31 174	350
Grand total	**281 036**	**(2 042)**	**278 994**	**264 352**	**8 268**	**272 620**	**6 374**

[a] The appropriations for the biennium 2012-2013 were approved under General Assembly resolutions 66/239, 67/243 and 68/256.

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the territory of the Former Yugoslavia since 1991

Notes to the financial statements

Note 1
The United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, were as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economic and social progress and development programmes;

(iii) The universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories;

(b) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization;

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs and overseeing the prosecution of persons responsible for serious violations of international humanitarian law;

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions;

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting and financial reporting policies of the United Nations

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations and Rules of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary General as required under the regulations and administrative instructions issued by the Under Secretary General for Management, or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the United Nations System Chief Executives Board for Coordination (CEB). The Organization follows IPSAS 1: Presentation of financial statements regarding the disclosure of accounting policies, as modified and adopted by CEB, as shown below:

(i) Going concern, consistency, and accrual are fundamental accounting assumptions of the United Nations system accounting standards. Where fundamental accounting assumptions are followed in financial statements, the disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. These policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding period of the preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. If material, the effect of the change should be disclosed and quantified;

(b) The Organization's accounts are maintained on a fund accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Financial statements reflect the activities of each fund or of a group of funds of the same nature;

(c) The financial period of the Organization is a biennium and consists of two consecutive calendar years for all funds other than peacekeeping accounts, which are reported on a fiscal year basis covering the period from 1 July to 30 June. The present financial statements have been prepared for the biennium ended 31 December 2013, with comparative prior figures presented for the biennium ended 31 December 2011;

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy set out in paragraph (j) (ii) below applies;

(e) The financial statements of the Organization are presented in United States dollars, which is the functional and presentation currency of the United Nations. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the United Nations. In respect of such currencies, the financial statements shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than the United States dollar, translated at the applicable United Nations rate of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation materially different from the application of the Organization's rate of exchange for the last month of the financial period, a footnote will be provided quantifying the difference;

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services;

(g) The statement of cash flows is based on the indirect method of cash flows as referred to in the United Nations system accounting standards;

(h) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Task Force on Accounting Standards of the High-level Committee on Management;

(i) Separate financial statements are issued for the United Nations general and related funds, for the United Nations Iraq escrow accounts, for the United Nations Compensation Commission, for the International Tribunal for the Former Yugoslavia under the provisions of Security Council resolutions 808 (1993) and 827 (1993), for the International Criminal Tribunal for Rwanda under the provisions of Security Council resolution 955 (1994), for the International Residual Mechanism for Criminal Tribunals under Security Council resolution 1966 (2010) and for the peacekeeping accounts which are reported on a fiscal year basis covering the period from 1 July to 30 June;

(j) Income:

(i) The amounts necessary to finance the activities of the United Nations regular budget and peacekeeping operations, the capital master plan, the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda, the International Residual Mechanism for Criminal Tribunals and the Working Capital Fund are assessed on Member States in accordance with the scale of assessments determined by the General Assembly;

(ii) Income is recognized when assessments on Member States have been authorized by the General Assembly. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied;

(iii) Amounts assessed on non-Member States that agree to pay reimbursement of costs for their participation in the Organization's treaties, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States and other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. Voluntary contributions made

in the form of services and supplies that are acceptable to the Secretary-General are credited to income or are noted in the financial statements;

(v) Income received under inter-organization arrangements represents the allocation of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;

(vi) Allocations from other funds represent monies appropriated or designated from one fund for transfer to and disbursement from another fund;

(vii) Income for services rendered includes amounts charged for salaries of staff members and other costs that are attributable to the provision of technical and administrative support to other organizations;

(viii) Interest income includes all interest earned on deposits in various bank accounts, investment income earned on marketable securities and other negotiable instruments and investment income earned in the cash pools. All gains/losses on investments and foreign exchange differences relating to the cash pools are offset against investment income. Investment income and costs associated with the operation of investments in the cash pools are allocated to participating funds;

(ix) Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditures charged to prior periods, net gains resulting from currency translations, amounts assessed on new Member States for the year of admission to the United Nations, amounts assessed on non-Member States, as stated in paragraph (j) (iii) above, monies accepted for which no purpose was specified, and other sundry income;

(x) Income relating to future financial periods is not recognized in the current financial period and is recorded as deferred income, as referred to in paragraph (m) (iii) below;

(k) Expenditure:

(i) Expenditures are incurred against authorized appropriations or commitment authorities. Total expenditures reported include unliquidated obligations and disbursements;

(ii) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. The inventory of such non-expendable property is maintained at the historical cost;

(iii) Expenditures for future financial periods are not charged to the current financial period but are recorded as deferred charges, as referred to in item (l) (v) below;

(l) Assets:

(i) Cash and term deposits represent funds held in demand-deposit accounts and interest-bearing bank deposits;

(ii) Cash pool comprises participating funds' share of cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the pool. The investments in the cash pool are stated at their fair value and include marketable securities and other negotiable instruments acquired to produce income. The share in the cash pool is reported

separately in each participating fund's statement and the composition of its investments is disclosed in the footnotes to the statements. Currently, the International Tribunal for the Former Yugoslavia participates only in the main cash pool. Additional details are provided in note 6;

(iii) Assessed contributions represent legal obligations of contributors and, therefore, the balances of unpaid assessed contributions due from Member States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in the collection of such assessments;

(iv) Inter-fund balances reflect transactions between funds, and are included in the amounts due to and from the United Nations General Fund. Inter-fund balances also reflect transactions directly with the United Nations General Fund. Inter-fund balances are settled periodically, depending on the availability of cash resources;

(v) Deferred charges normally comprise expenditure items that are not properly chargeable to the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 106.7. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(vi) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proofs of entitlement are produced, at which time the budgetary accounts are charged and the advances settled;

(vii) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Such acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in the notes to the financial statements;

(m) Liabilities, reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for reserves and fund balances shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred income includes pledged contributions for future periods, advances received under revenue-producing activities, and other income received but not yet earned;

(iv) Commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current-period obligations related to the regular budget and special accounts remain valid for 12 months following the end of the biennium to which they relate. Obligations for most technical cooperation activities remain valid for 12 months after the end of

each calendar year. Unliquidated obligations relating to amounts owed by peacekeeping operations to Member States may be retained for a period of five years beyond the end of the financial period. Unliquidated obligations relating to funds of a multi-year nature remain valid until the completion of the project;

(v) Accrued liabilities for end-of-service and post-retirement benefits comprise those for after-service health insurance, repatriation benefits, unused vacation days, judges' pension benefits, judges' relocation allowance benefits and ad litem judges' ex gratia benefits. The accrued liabilities for all these end-of-service and post-retirement benefits, except for judges' relocation allowance benefits and ad litem judges' ex gratia benefits, are determined on an actuarial basis.

(vi) Contingent liabilities, if any, are disclosed in the notes to the financial statements;

(vii) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, multi-employer defined benefit plan.

An actuarial valuation of the Pension Fund's assets and pension benefits is prepared every two years. As there is no consistent and reliable basis for allocating the related liabilities/assets and costs to individual organizations participating in the plan, the United Nations is not in a position to identify its share of the plan's underlying financial position and performance with sufficient reliability for accounting purposes, and hence has treated the plan as if it were a defined contribution plan; thus, the United Nations share of the related net liability/asset position of the Pension Fund is not reflected in the financial statements.

The Organization's contribution to the Pension Fund consists of its mandated contribution at the rate established by the General Assembly, which is currently 7.9 per cent for the participant and 15.8 per cent for the Organization, respectively, of the applicable pensionable remuneration, together with its share of any actuarial deficiency payments under article 26 of the Regulations of the Pension Fund. Such deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. As at the reporting date of the current financial statement, the Assembly had not invoked that provision;

(n) The change from the United Nations system accounting standards to IPSAS:

(i) The United Nations is transitioning from the use of the United Nations system accounting standards to the International Public Sector Accounting Standards (IPSAS), which will guide the presentation of the financial statements of the United Nations, including those of the International Tribunal for the Former Yugoslavia, commencing with the 2014 financial year. Hence, the present financial statements are the last statements that will be prepared on the basis of the United Nations system accounting standards;

(ii) IPSAS are based on full accrual accounting, which means that all assets and liabilities are presented on the face of the financial statements and expenses and revenues are recognized when incurred/earned, irrespective of the cash flows. IPSAS also requires significantly more note disclosures in the financial statements.

(iii) Under the United Nations system accounting standards, financial accounting and budgetary accounting are aligned. With the adoption of IPSAS, the financial statements will be presented on the full accrual basis, whereas budgetary expenditure will continue to be recorded on a modified cash basis. There will be reconciliation between budget implementation and the financial statements, which will be presented in the notes to the financial statements;

(iv) IPSAS requires annual financial statements; commencing with the 2014 financial year, IPSAS-compliant financial statements will be prepared and audited annually.

Note 3
International Tribunal for the Former Yugoslavia (statements I-IV)

(a) The Tribunal was established by the Security Council in its resolutions 808 (1993) and 827 (1993) and consists of the following organs:

(i) The Chambers are organized into three Trial Chambers and an Appeals Chamber. Each Trial Chamber is composed of three permanent judges and a maximum of six ad litem judges. Ad litem judges are appointed by the Secretary-General at the request of the President of the Tribunal to sit on one or more specific trials, allowing for efficient use of resources in accordance with the court's changing caseload. Article 12(1) of the Tribunal's statute allows the appointment of a maximum of 12 ad litem judges. Three judges are assigned to hear each case, and at least one judge per case must be a permanent judge. The Trial Chambers must ensure that each trial is fair, expeditious, and conducted in compliance with the Rules of Procedure and Evidence of the Tribunal, with full respect accorded to the rights of the accused and appropriate consideration given to the protection of victims and witnesses. The Appeals Chamber consists of seven permanent judges, five of whom are permanent judges of the Tribunal and two of whom are permanent judges of the International Criminal Tribunal for Rwanda. These seven judges also constitute the Appeals Chamber of the latter Tribunal. Each appeal is heard and decided by a bench of five judges of the Appeals Chamber;

(ii) The Office of the Prosecutor, who is responsible for the investigation and prosecution of persons responsible for serious violations of international humanitarian law committed in the territory of the former Yugoslavia since 1991, acts independently as a separate organ of the Tribunal;

(iii) A Registry, which services both the Chambers and the Prosecutor and is responsible for the administration and servicing of the Tribunal;

(b) The General Assembly, in its resolutions 65/239, 67/243 and 68/256, approved the budget appropriations for the biennium 2012-2013. Annual budget apportionments are funded by assessments on Member States, 50 per cent in accordance with the scale of assessment applicable to the United Nations regular budget and 50 per cent in accordance with the scale of assessments applicable to

peacekeeping operations. States and intergovernmental and non-governmental organizations also contribute funds, equipment and services to the voluntary fund to support the activities of the Tribunal in carrying out its mandate. The financial statements for the Tribunal are prepared every 12 months, with a final accounting at the end of the biennium;

(c) Statement I reports the income and expenditure and changes in the reserves and fund balances during the financial period. It includes the calculation of the excess of income over expenditure for the current period and prior-period adjustments of income or expenditure;

(d) Statement II shows the assets, liabilities and reserves and fund balances as at 31 December 2013. Excluded from the assets is the value of non-expendable property (see note 8);

(e) Statement III shows the cash flows for the period prepared using the indirect method of cash flows as referred to in the United Nations system accounting standards;

(f) Statement IV reports on expenditures against the appropriation approved for the biennium.

Note 4
Status of appropriations

In accordance with General Assembly resolutions 66/239, 67/243 and 68/256, the appropriations and gross assessments for the biennium 2012-2013 are as follows:

(Thousands of United States dollars)

	2012	*2013*	*Total*
Initial appropriation (resolution 66/239)	140 518	140 518	281 036
Add: resolution 67/243	–	2 032	2 032
Less: resolution 68/256	–	(4 074)	(4 074)
Revised appropriation (resolution 68/256)	140 518	138 476	278 994
Less: estimated income	(150)	(150)	(300)
Revised appropriation less estimated income (resolutions 66/239, 67/243 and 68/256)	140 368	138 326	278 694
Add: increase in appropriation for the biennium 2010-2011 assessed in 2012 (resolution 66/239)	6 960	–	6 960
Add: estimated income not reflected in assessment (resolution 67/243)	–	150	150
Add: decrease in appropriation for the biennium 2012-2013 (resolution 68/256)	–	4 074	4 074
Gross amounts assessed to Member States	**147 328**	**142 550**	**289 878**

Note 5
Assets, liabilities and reserves and fund balances (statement II)

(a) The cash and term deposits figure represents the total cash balance (including funds held in local currency) at United Nations Headquarters and at offices away from Headquarters.

(b) Assessed contributions unpaid:

(i) The assessed contributions receivable as at 31 December 2013 have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. Based on this policy, no provision has been made for delays in the collection of outstanding assessed contributions;

(ii) The total unpaid assessments as at 31 December 2013 are $33,656,541, of which $7,619,316 are over one year old and $26,037,225 are less than one year old;

(c) Other accounts receivable. The following is the composition of the other accounts receivable as at 31 December 2013, compared with those as at 31 December 2011:

(Thousands of United States dollars)

	2013	*2011*
Governments	139	272
Staff members	804	888
Vendors	1 284	1 263
Other United Nations entities	424	330
Others	222	–
Total	**2 873**	**2 753**

(d) Other accounts payable. The following is the composition of other accounts payable balances as at 31 December 2013, compared with those as at 31 December 2011:

(Thousands of United States dollars)

	2013	*2011*
Staff members	76	42
Vendors	14	12
Provision for repatriation grants	1 523	1 660
Total	**1 613**	**1 714**

(e) Future years' commitments. The amount reported in statement II as unliquidated obligations for future years comprises obligations raised for contracts and lease agreements pertaining to periods that extend beyond 31 December 2013.

Note 6
Cash pool

(a) Background:

(i) The United Nations Treasury centrally invests surplus funds on behalf of the United Nations Secretariat, including the International Tribunal for the Former Yugoslavia. Such surplus funds are combined in two internally managed cash pools which invest in major segments of the money and fixed-income markets. Pooling the funds has a positive effect on overall investment performance and risk because of economies of scale and the ability to spread yield curve exposures across a range of maturities;

(ii) Investment activities of the cash pools are guided by the principles contained in the Investment Management Guidelines. An Investment Committee periodically assesses compliance with the Guidelines and makes recommendations for updates thereto and also reviews performance;

(b) Investment management objectives:

Further to the Guidelines, the investment objectives of the cash pools in order of priority are the following:

(i) Safety: ensure the preservation of capital;

(ii) Liquidity: ensure sufficient liquidity to enable the United Nations and participating entities to readily meet all operating requirements. Only assets which have a readily available market value and can be easily converted to cash are held;

(iii) Return on investment: attain a competitive market rate of return, taking into account investment risk constraints and the cash flow characteristics of the pools. Benchmarks determine whether satisfactory market returns are being achieved in the cash pools;

(c) Cash pools:

(i) The United Nations Treasury manages investments in two cash pools, namely, the main cash pool and the euro cash pool:

a. Effective 1 July 2013, the United Nations Headquarters and United Nations offices away from Headquarters cash pools were combined to form the main cash pool. The main cash pool now comprises operational bank account balances and investments in United States dollars;

b. The euro cash pool comprises investments in euros; the pool participants are mostly offices away from Headquarters which may have a surplus of euros from their operations;

(ii) The Tribunal participates in the main cash pool only, which is invested in a variety of securities. Such securities may include but are not restricted to bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. The main cash pool does not invest in derivative instruments asset-backed mortgage-backed or equity products;

(iii) Investment transactions are now accounted for on a trade-date basis, reflecting a change from settlement date to trade date; the 2011 figures have not been restated, as the impact of the change has been deemed to be immaterial. Investment income is recognized on the accrual basis; transaction costs that are directly attributable to the investment activity of the cash pool are expensed as incurred and the net income is distributed proportionately to the funds participating in the pool; operational bank account fees are not netted but distributed to cash pool participants. The unrealized market gains/losses on securities and foreign exchange gains/losses are distributed proportionately to all participants based on their end-of-year balances;

(iv) Gains and losses on the sale of investments are calculated as the difference between the sales proceeds and book value and are reflected in the net income distributed to the cash pool participants;

(v) As at 31 December 2013, investments in the main cash pool have been revalued at fair value. The 31 December 2011 comparative figures represent the book value of investments. The 2011 figures have not been restated, as the impact of the change in valuation has been deemed to be immaterial;

(d) Financial information pertaining to the main cash pool:

(i) As at 31 December 2013, the main cash pool held total assets of $9,548.7 million; of that amount, $74.1 million was due to the Tribunal as reflected against the cash pool line in statement II (statement of assets, liabilities and reserves and fund balances);

(ii) Financial information of the main cash pool as at 31 December 2013 is summarized in table 1.

Table 1
Summary of assets and liabilities of the main cash pool as at 31 December 2013
(Thousands of United States dollars)

	Main pool
Assets	
Short-term investments[a]	5 687 907
Long-term investments[a]	3 734 459
Total investments	9 422 366
Cash	113 200
Accrued investment income	13 084
Total assets	**9 548 650**
Liabilities	
Payable to the Tribunal	74 055
Payable to other funds participating in the main cash pool	9 474 595
Total liabilities	**9 548 650**
Net assets	–

Summary of net income of the main cash pool for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Main pool
Income	
Investment revenue	96 592
Realized gains on sales of securities	24 643
Foreign exchange adjustments	4 241
Unrealized gains (losses)	4 811
Net income from investments	**130 287**
Bank fees	(1 083)
Net income from operations	**129 204**

[a] Amounts are stated at fair value.

(e) Composition of the main cash pool:

Table 2 shows a breakdown of investments held in the main cash pool by type of instrument:

Table 2

Investments of the main cash pool by type of instrument as at 31 December 2013

(Thousands of United States dollars)

Main cash pool	*Book value*	*Fair value*[a]
Bonds		
Non-United States agencies	2 073 122	2 077 421
Non-United States sovereigns	670 963	674 773
Supranationals	250 075	250 246
United States agencies	555 494	556 492
United States treasuries	1 597 1o1	1 592 050
Subtotal	**5 146 815**	**5 150 982**
Discounted instruments	2 138 208	2 138 849
Certificates of deposit	250 000	250 003
Term deposits	1 882 532	1 882 532
Total investments	**9 417 555**	**9 422 366**

[a] Fair value is determined by the independent custodian on the basis of valuations of securities that are sourced from third parties.

(f) Financial risk management:

The main cash pool is exposed to a variety of financial risks, including credit risk, liquidity risk, currency risk and market risk (which includes interest rate risk and other price risks), as described below:

(i) Credit risk:

The Guidelines require that investments not be made in issuers whose credit ratings are below specifications and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made. The credit ratings used are those determined by the major credit-rating agencies; Standard & Poor's and Moody's are used to rate bonds and commercial paper and the Fitch Viability Rating is used to rate bank term deposits.

The credit ratings of the issuers whose securities were held in the main cash pool are shown in table 3.

Table 3
Investments of the main cash pool by credit ratings as at 31 December 2013
(Thousands of United States dollars)

Main pool	*Total*[a]	*Ratings*
Bonds	5 150 982	S&P: 32.3% AAA and 63.1% AA+/AA; 4.6% NR; Moody's: 81.9% Aaa and 18.1% Aa1/Aa3
Discounted instruments	2 138 849	S&P: 71.7% A-1+ and 24.1% NR; Moody's: 95.8% P-1; Fitch: 4.2% aa-
Certificates of deposit	250 003	S&P: 40% A-1; Moody's: 40% P-1; Fitch: 60% a+/a-
Term deposits	1 882 532	Fitch: 58.6% aa- and 41.4% a+/a/a-
Total investments	**9 422 366**	

[a] Represents the fair value of securities as at 31 December 2013.

(ii) Liquidity risk:

The main cash pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet commitments as and when they fall due. The major portion of the pool's cash and cash equivalents and investments are available within one day's notice to support operational requirements. Hence, the main cash pool is able to respond to withdrawal needs in a timely manner and liquidity risk is considered to be low;

(iii) Currency risk:

Currency risk is the risk that the value of investments denominated in currencies other than United States dollars will fluctuate owing to changes in foreign exchange rates versus United States dollars. The main cash pool has no currency risk for its investments, which are in United States dollars. The main pool has currency risk for operational bank balances.

(iv) Interest rate risk:

Interest rate risk is the risk of variability in investments' values due to changes in interest rates. In general, as interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, with duration being a number expressed in years. The larger the duration the greater the interest rate risk;

The main cash pool is exposed to interest rate risk, as their holdings comprise interest-bearing securities. As at 31 December 2013, the main cash pool invested primarily in securities with shorter terms to maturity, with the maximum term being less than four years. The average duration of the main cash pool was 0.92 years, which is considered to be an indicator of low interest rate risk;

Table 4 shows how fair value of the main cash pool as at 31 December 2013 would increase or decrease should the overall yield curve shift in response to changes in interest rates. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). However, in view of the current interest rate environment, the basis point shifts should be considered to be illustrative.

Table 4
Sensitivity of the main cash pool to interest rates as at 31 December 2013

Shift in yield curve (basis points)	*Change in fair value (millions of United States dollars) main cash pool*
(200)	174.0
(150)	130.0
(100)	87.0
(50)	43.0
–	0.0
50	(43.0)
100	(87.0)
150	(130.0)
200	(174.0)

(v) Other price risks:

The main cash pool is not exposed to significant other price risk as it does not sell short or borrow securities or purchase securities on margin, all of which limits the potential loss of capital.

Note 7
Accrued liabilities for end-of-service and post-retirement benefits

(a) End-of-service and post-retirement benefits comprise after-service health insurance coverage, repatriation benefits, commutation of unused vacation days, judges' pension benefits, judges' relocation allowance benefits and ad litem judges' ex gratia benefits. As disclosed in note 2 (m) (v), all these liabilities except for

judges' relocation allowance benefits and ad litem judges' ex gratia benefits are determined on the basis of an actuarial valuation which was undertaken by an independent qualified actuarial firm.

(b) After-service health insurance:

(i) Upon end of service, staff members and their dependants may elect to participate in a defined benefit health insurance plan of the United Nations provided they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and 5 years for those who were recruited prior to that date. This benefit is referred to as after-service health insurance;

(ii) The major assumptions used by the actuarial firm to determine the liabilities for after-service health insurance as at 31 December 2013 were a single equivalent discount rate of 4.95 per cent, a flat health-care yearly escalation rate of 5.0 per cent for non-United States medical plans and health-care escalation rates of 7.3 per cent for all other medical plans (except 6.3 per cent for the United States Medicare plan and 5.0 per cent for the United States dental plan), grading down to 4.5 per cent over 10 years, and retirement withdrawal and mortality assumptions consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits;

(iii) Another factor in the after-service health insurance valuation is consideration of contributions by all plan participants in determining the Tribunal's residual liability. Thus, contributions from retirees are deducted from the gross liability and a portion of the contributions from active staff is also deducted to arrive at the Tribunal's residual liability, in accordance with cost-sharing ratios authorized by the General Assembly. These ratios require that the Tribunal's share shall not exceed one half for non-United States health plans, two thirds for United States health plans and three quarters for the Medical Insurance Plan;

(iv) On the basis outlined in (ii) and (iii) above, the present value of the accrued liability as at 31 December 2013 net of contributions from plan participants was estimated at $28,544,000;

(Thousands of United States dollars)

After-service health insurance	*Accrued liability*
Gross liability	55 683
Offset by contributions from plan participants	(27 139)
Net liability	**28 544**

The above net liability of $28.544 million compares with an estimate of $26.959 million as at 31 December 2011;

(v) Further to the assumptions in (ii) above, it is estimated that the present value of the liability would increase by 20 per cent and decrease by 16 per cent if the medical cost trend were increased and decreased by 1 per cent, respectively, and all other assumptions held constant. Similarly, it is estimated that the accrued

liability would increase by 21 per cent and decrease by 17 per cent if the discount rate were decreased and increased by 1 per cent, respectively, and all other assumptions held constant.

(c) Repatriation benefits:

(i) Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to a repatriation grant which is based on length of service and travel and removal expenses. These benefits are collectively referred to as repatriation benefits;

(ii) As referred to in note 2 (m) (v), an actuarial firm was engaged to carry out an actuarial valuation of repatriation benefits as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.34 per cent and annual salary increases consistent with those used by the United Nations Joint Staff Pension Fund in making its own actuarial valuation of pension benefits and travel and shipment cost increases of 2.5 per cent per annum;

(iii) On the basis of those assumptions, the present value of the accrued liability for repatriation benefits as at 31 December 2013 was estimated at $11,263,000.

(d) Unused vacation days:

(i) Upon end of service, staff members holding fixed-term or continuing appointments may commute unused vacation days up to a maximum of 60 working days;

(ii) As referred to in note 2 (m) (v), an actuarial firm was engaged to carry out an actuarial valuation of the liability associated with unused vacation days as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.51 per cent and an annual rate of increase in accumulated annual leave balances of 10.9 days in each of the first three years, 1 day per year in the fourth to eighth years and 0.5 days annually thereafter, capping at an accumulation of 60 days. Salary is assumed to increase annually at rates consistent with those used by the Pension Fund in making its own actuarial valuation of pension benefits;

(iii) On the basis of those assumptions, the present value of the accrued liability for unused vacation days as at 31 December 2013 was estimated at $3,651,000.

(e) Upon retirement, judges of the Tribunal are entitled to a pension which is not payable by the Pension Fund. As referred to in note 2 (m) (v), an actuarial firm was engaged to carry out an actuarial valuation of the judges' pension-related liabilities as at 31 December 2013. The major assumptions used by the actuarial firm were a single equivalent discount rate of 4.46 per cent standardized mortality tables and cost-of-living increases at an annual rate of 2.5 per cent. On the basis of these assumptions, the present value of the accrued liability as at 31 December 2013 was estimated at $27,040,000.

(f) Pursuant to General Assembly resolution 65/258, the Tribunal judges are entitled to a relocation allowance benefit equal to that of judges of the International Court of Justice. Further, ad litem judges of the Tribunal are entitled to a one-time

ex gratia benefit upon completion of service for a continuous period of more than three years. The liabilities for relocation allowance benefits for judges and ex gratia benefits for ad litem judges as at 31 December 2013 are estimated at $912,000 and $293,000, respectively.

Note 8
Non-expendable property

In accordance with United Nations accounting policies, non-expendable property is charged against the current allotment in the year of purchase. The Tribunal's non-expendable property, valued at historical cost according to its cumulative inventory records, was as follows:

(Thousands of United States dollars)

	2013	*2011*
Balance as at 1 January	15 091	15 821
Acquisitions	1 856	1 898
Less: write-offs: accidents, theft and damages	(438)	(36)
Less: dispositions	(2 126)	(2 592)
Adjustments	1 990	–
Balance as at 31 December	**16 373**[a]	**15 091**

[a] Includes $1,749,442 for non-expendable property approved for write-off but not disposed of, and $616,130 for non-expendable property pending approval for write-off.

Note 9
Future operations

(a) The Security Council decided in its resolution 1966 (2010) to establish the International Residual Mechanism for Criminal Tribunals ("Mechanism") with two branches, for the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia, in order to carry out a number of essential functions such as the trial of fugitives after the closure of the Tribunals. The Arusha branch commenced operations on 1 July 2012 for an initial period of four years. During the biennium 2012-2013, the Mechanism coexisted with both Tribunals, sharing resources and providing mutual support and coordination;

(b) The Security Council, in its resolutions 1966 (2010), 2029 (2011) and 2130 (2013), requested that the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia take all possible measures to expeditiously complete all their remaining work no later than December 2014 to prepare their closure and to ensure a smooth transition to the Mechanism, including through advance teams in each of the Tribunals;

(c) With respect to the funding of post-retirement benefits, the General Assembly, in its resolution 64/240, endorsed the recommendation of the Advisory Committee on Administrative and Budgetary Questions that the liabilities for future payments of pensions to judges and surviving spouses and after-service health insurance be addressed in the final budget submission and performance report of the Tribunal.

Annex

Voluntary fund to support the activities of the International Tribunal for the Former Yugoslavia

Schedule of income, expenditure, reserves and fund balances for the biennium ended 31 December 2013

(Thousands of United States dollars)

	Reserves and fund balances beginning of period	*Income*	*Expenditure and other adjustments*	*Reserves and fund balances end of period*
Voluntary Fund to support the activities of the International Tribunal for the Former Yugoslavia	1 140	2 293	2 248	1 185

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